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THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Realization of economic, social and cultural rights

Second progress report prepared by Mr. Danilo Türk, Special Rapporteur

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Introduction

1. In its resolution 1990/16 the Sub-Commission requested the Special Rapporteur to submit, at the Sub-Commission's forty-third session, a second progress report on the realization of economic, social and cultural rights which should be concentrated on questions of the effects of structural adjustment on economic, social and cultural rights and on the role of the international financial institutions, notably the World Bank and the International Monetary Fund (IMF), in the realization of these rights. The Special Rapporteur studied these questions and also had the opportunity to visit the headquarters of the World Bank and IMF, in January 1991. The results of this research are summarized in the present progress report.

2. The present report consists of three chapters. Chapter I contains an update of the discussion on indicators to measure progress in the realization of economic, social and cultural rights. Since the question of indicators was dealt with in some detail in the first progress report (1990), the present report contains only an account of the ongoing debate on indicators, a debate which is gaining in momentum and in relevance to future action in the field of the realization of economic, social and cultural rights. No conclusions in that regard can be made as yet and further analysis and debate are needed. However, it is encouraging that the Commission on Human Rights, at its forty-seventh session held in 1991, endorsed the Special Rapporteur's proposal, made in the first progress report to organize an expert meeting on indicators, which would help in the development of methodology of indicators.

3. Chapters II and III (on structural adjustment and on the role of international financial institutions, respectively) should be read together since they relate to the two sides of the same issue: the effects of internationally supported policies of structural adjustment on the realization of economic, social and cultural rights. Chapter II provides an insight into 18 selected aspects of the relationship between structural adjustment and human rights. Specific references to the impact of adjustment on the realization of selected economic, social and cultural rights are made in paragraphs 124 to 147.

4. Chapter III approaches the question of the role of international financial institutions in the realization of economic, social and cultural rights from a specific angle. The focus in that chapter is placed on the evolution which is taking place at present in the policies of the World Bank and IMF and on those elements which should be strengthened in the future to make the policies of these institutions more comprehensive and beneficial to the realization of economic, social and cultural rights. The purpose of this chapter and the approach taken there is to summarize the elements of the policies of the World Bank and IMF in a manner which would enable the United Nations human rights bodies to consider their potential role in the preparation, realization and evaluation of these policies. Although much of the criticism of the World Bank and IMF remains relevant, it would seem to be

productive and, indeed necessary, to develop a cooperative approach and, later, perhaps a cooperative framework which would bring together the technical (economic and financial) concerns and the concerns relating to the realization of economic, social and cultural rights.

5. The members of the Sub-Commission are invited to comment on all parts of the present progress report, as well as to make proposals regarding the content and the format of the final report to be presented to the Sub-Commission at its forty-fourth session in 1992.

I. AN UPDATE ON INDICATORS: SELECTED DEVELOPMENTS

6. The first progress report of the Special Rapporteur dealt extensively with the issue of social and economic indicators and their relevance to monitoring the realization of economic, social and cultural human rights. Comments by members of the Sub-Commission and various non-governmental organizations (NGOs) made during the forty-second session were appreciated and received with interest. 1/

Comments on indicators made at the forty-second session of the Sub-Commission

7. The Special Rapporteur has taken the many comments on his first progress report made during the forty-second session of the Sub-Commission fully into account during his subsequent initiatives on indicators. 2/ The comments of members of the Sub-Commission can be summarized in the following manner.

8. There was general agreement within the Sub-Commission that indicators did have a central role to play both in assisting with the assessment of the realization of economic, social and cultural rights and as a means of promoting greater inter-agency coordination and cooperation within the United Nations. At the same time, it was recognized that additional work on indicators needed to be done, and that it was necessary to fully incorporate human rights concerns into this work.

9. Specific support was given to the principle of disaggregating indicators for various social groups and, along the same lines, it was suggested that specific indicators disaggregated by ethnic or racial group might be of additional assistance. Encouragement was also given to treating the many limitations of indicators, particularly within the context of economic, social and cultural rights, as discussed at length within the first progress report. A comment was also made that indicators could be useful in avoiding the danger of ignoring the specific components and entitlements comprising human rights.

10. Each of those members who addressed the Special Rapporteur's recommendation for the holding of an expert seminar on indicators supported it. One member suggested that it might be useful to encourage the relevant agencies to establish within their own existing structures human rights offices which would have the task of relating indicators and activities to human rights concerns. Another number suggested that a specific study should be made on the debt burden and its effect on economic, social and cultural rights. The need to find additional means of assessing the distribution of wealth within a society was also referred to.

11. The issues which appeared to raise the most concern among the members were the following: (a) the inherent difficulties associated with attempting to discern universally applicable indicators; (b) the need to pay more attention to rural issues in the context of indicator usage; (c) the need to focus more on cultural factors in the context of indicators, as well as cultural rights; (d) the need to give more emphasis to indicators dealing with popular participation; (e) the need to examine more closely domestic and external factors that could influence the indicators in question; (f) the danger of indicators being manipulated by régimes which practise systematic

discrimination without this fact being reflected in data and statistics; (g) the dangers associated with indicators that have complicated the economic situation of developing countries; (h) the need to approach and suggest indicators with greater precision than is generally the case at the moment; and (i) the need to give greater emphasis to indicators as a means of providing guidance to discern the root causes of poverty, rather than as a means of exacerbating underdevelopment. Each of these points has assisted the Special Rapporteur in pursuing the delicate issue of linking indicators within the human rights field.

12. In addition, the Special Rapporteur paid close attention to the comments concerning indicators provided by both non-governmental organizations and observer States. One Stated noted, for instance, that indicators, properly applied, had the potential to develop into a reliable mechanism for verifying compliance with international covenants.

13. The Special Rapporteur was particularly interested in several useful comments made during the forty-second session concerning the use of indicators in measuring the degree to which the many diverse manifestations of popular participation are integrated into all activities related to the realization of economic, social and cultural rights, particularly with respect to economic and social planning and development. The Special Rapporteur fully agrees with this view. Among other initiatives, the United Nations Global Consultation on the Right to Development as a Human Right emphasized the central importance of participation, characterizing "participatory processes, mechanisms and institutions [ ] the central and essential indicator of progress in realizing the right to development". 3/

14. The list of possible core indicators provided in the first progress report (para. 89) was, of course, preliminary, designed, *inter alia*, to promote constructive discussion throughout the United Nations system. This listing was intended to be of a dynamic nature, capable of being altered at any time. The Special Rapporteur agrees, therefore, that indicators on the quality, form, democratic nature and effectiveness of participation should be included in any final list of "core indicators". In this regard, attention is drawn to paragraph 178 of the Report of the Global Consultation on the Right to Development which usefully provides:

> "178. Relevant factors in assessing participatory processes include the representativity and accountability of decision-making bodies, the decentralization of decision-making, public access to information, and responsiveness of decision-makers to public opinion. The effectiveness of participation must also be assessed from a subjective perspective, based on the opinions and attitudes of the people affected, in other words, their confidence in leaders, feeling of empowerment, and belief that they are affecting decisions." 4/

15. Work has been carried out on the issue of participation, both within and relevant to the United Nations human rights programme, including numerous resolutions. 5/ Participation is, of course, an elusive and often vaguely defined concept, yet should be taken to mean the empowerment of people to identify, assert and protect their vital interests. 6/ It should be

reiterated in this respect that the role of the State should be one of facilitator or enabler, rather than of regulator. One researcher has advocated the following essential components of the right to participation in relation to developmental activities, which may also provide a basis upon which to incorporate participatory indicators into the assessment process:

(a) Access to information and legal resources;

(b) Freedom of project affected people to form their own self-managed associations and engage in collective activities;

(c) Freedom of communication;

(d) Access to the media;

(e) Access to officials and agencies; and

(f) Access to institutions (courts or other agencies) which can redress legal harms and impose accountability. 7/

16. The progress report of the Special Rapporteur was discussed at length during the 1991 session of the Commission on Human Rights, 8/ at which direct support was given to the recommendation for convening an expert seminar on indicators within the human rights domain by States spanning five continents.

A. The proposed expert seminar on indicators and their use in assessing the realization of economic, social and cultural rights

17. In view of the anticipated expert seminar on indicators, due to take place under the 1992-1993 work programme of the United Nations Centre for Human Rights, the Special Rapporteur has prepared a preliminary background document entitled: "Suggested components, parameters and participants for the upcoming international expert seminar on economic and social indicators and their use in monitoring the realization of economic, social and cultural rights". Among other themes, this document outlines the work of the Special Rapporteur on indicators during the past year, as well as developments within the United Nations system relevant to the planned seminar. The Special Rapporteur would appreciate receiving comments on the documents from members of the Sub-Commission.

18. Moreover, as is evident from the internal report by the Special Rapporteur on his January 1991 mission to United Nations Headquarters and to the World Bank and IMF in Washington, D.C., there exists widespread and encouraging interest in the issue of further incorporating indicators in the human rights field as one possible means of assessing the realization of economic, social and cultural rights.

B. Selected legislative activity

19. A range of resolutions adopted during the past year throughout the United Nations system have dealt with issues relevant to indicators within the context of the mandate of the Special Rapporteur. Plans for the proposed

expert seminar on indicators were expressly supported in resolution 1990/45 of the Economic and Social Council (ECOSOC) (para. 12) and in resolution 1991/18 of the Commission on Human Rights.

20. In its resolution 1991/18, the Commission on Human Rights:

> "11. Requests the Secretary-General to organize, under the United Nations programme of human rights activities in 1992-1993, an expert seminar for discussion of appropriate indicators to measure achievements in the progressive realization of economic, social and cultural rights;
>
> "12. Requests the Secretary-General to promote coordination between the human rights activities of the United Nations and those of development agencies with a view to drawing upon their relevant expertise and support."

21. In its resolution 45/87 on the world social situation, the General Assembly of the United Nations expressed interest in the work being done within the United Nations system to improve and further develop quantitative and qualitative indicators that measure accurately the social condition and standard of living of the world's population, particularly in developing countries.

22. In paragraph 10 of its resolution 45/191 on developing human resources for development the General Assembly emphasized:

> "... the need to integrate human resources development into comprehensive strategies for human development, including supportive measures in vital and related areas such as population, health, nutrition, water, sanitation, housing, communications and employment, and to assess the progress in those areas through appropriate qualitative and quantitative indicators". (Emphasis added.)

23. Mention should also be made of General Assembly resolution 40/179 which, although adopted in 1985, 9/ remains relevant, particularly in view of the upcoming expert seminar. Paragraph 2 of that resolution reads:

> "... an accurate assessment of the advances in living standards requires a reliable measuring instrument consisting of a set of indicators related to living conditions, employment and the circumstances underlying them, and the improvement of basic national statistical programmes and capabilities related to food, clothing, housing, education, health care and necessary social services".

24. Throughout both the human rights and development communities, the pertinence of indicators for monitoring levels of implementation of economic, social and cultural rights (as well as certain aspects of civil and political rights) is increasingly accepted and, indeed, is becoming an issue of priority. It appears to the Special Rapporteur that support for incorporating indicators into the wider realm of the realization of economic, social and cultural rights is strong and extensive at all levels in the United Nations system.

C. United Nations agencies and indicators

25. A wide range of United Nations agencies and programmes have continued to make progress in their work in the field of indicators since the forty-second session of the Sub-Commission. Several of the more pertinent and thought-provoking developments in this area are worth brief examination.

26. Perhaps the most interesting, ground breaking and well publicized indicator-related activity during 1990 was the publication by the United Nations Development Programme (UNDP) of the new annual Human Development Report, which approaches indicators from a refreshingly new, although imperfect, perspective. 10/ The UNDP approach involves a composite indicator, called the "Human Development Index" (HDI), that UNDP views as a more genuine measure of socio-economic progress and which combines three components: life expectancy, levels of literacy and command over resources needed for a decent living. Human development is defined as the process of enlarging people's choices. 11/ One of the more frequently addressed issues is the fact that many States which may have fared well on comparative measurements of development based largely on gross domestic product (GDP) and other income-based measurements, did not fare so well when HDI was applied. Many countries high on the list of per capita gross national product (GNP) fell to significantly lower levels when the situation in the country in question was based on human development, as opposed to exclusively economic indicators.

27. In addition to the use of this newly developed index, the report is also noteworthy for several of its perspectives, some of which are viewed by the Special Rapporteur as significant steps in the right direction, while others might need to be approached with hesitancy. One particularly useful and timely perspective taken in this report concerns the numerous and irreconcilable problems associated with excessive preoccupation with GNP growth and national income accounts as the sole measurement of "development". This insufficient method, it is argued in the report, has supplanted a focus on ends by an obsession with mere means. National income figures do not reveal the composition of income or the real beneficiaries. The report shows convincingly that there is no automatic link between high income in a country and high human development. A high national income is no guarantee of protection of the vulnerable groups in a society.

28. One of the main conclusions of the Report points to how the huge differences between national income and the actual welfare of the people remains a question of choosing the proper priorities, rather than one exclusively of resource availability. The report suggests that many developing countries not only provide substantially more subsidies to the rich than the poor, but also that often three times as much public expenditure goes towards military purposes than towards health and education. In an encouraging development, more than 15 developing countries have requested UNDP assistance in developing plans for achieving greater levels of human development.

29. Also extremely useful for their broad and insightful relevance are the 15 conclusions and policy messages of the report. They are worth noting in full: (a) the developing countries have made significant progress towards

human development in the last three decades; (b) North-South gaps in basic human development have narrowed considerably in the last three decades, even while income gaps have widened; (c) average progress in human development conceals large disparities within developing countries - between urban and rural areas, between men and women, between rich and poor; (d) fairly reasonable levels of human development are possible even at fairly modest levels of income; (e) the link between economic growth and human progress is not automatic; (f) social subsidies are absolutely necessary for poorer income groups; (g) developing countries are not too poor to pay for human development and take care of economic growth; (h) the human costs of adjustment are often a matter of choice, not of compulsion; (i) a favourable external environment is vital to support human development strategies in the 1990s; (j) some developing countries, especially in Africa, need external assistance a lot more than others; (k) technical cooperation must be restructured if it is to help build human capabilities and national capacities in the developing countries; (l) a participatory approach - including the involvement of NGOs - is crucial to any strategy for successful human development; (m) a significant reduction in population growth rates is absolutely essential for visible improvements in human development levels; (n) the very rapid population growth in the developing world is becoming concentrated in cities; and (o) sustainable development strategies should meet the needs of the present generation without compromising the ability of future generations to meet their needs. 12/

30. The second Human Development Report includes another new index, that of Human Freedom which is based on the development of 40 different indicators, and which shows that in general terms there exists a significant relationship between human freedom and corresponding levels of the Human Development Index. Unfortunately, the report had not been published before the Special Rapporteur completed the present report and therefore this interesting development will be touched on in the final report. 13/

31. While the approaches taken in the Human Development Report are extremely useful and admirable, in the view of the Special Rapporteur too much emphasis has been placed on the closing of the gaps between the developed and developing world in terms of "human development", and correspondingly too little attention placed on the growing income disparity between and within nations. The distribution of income whether viewed in national or international terms has continued to become more unequal during the past several decades. This increasing inequality of financial and economic power has clear and discernible implications, not least for the overall realization of economic, social and cultural rights. It is no accident that the more equally income is distributed within States, the more likely that State is to be capable of sustaining not only the fulfilment of economic, social and cultural rights for all social groups, but economic strength and stability as well. In sum, the continuously enlarging gap in incomes, which, of course, translates into unequal levels of economic and political power (both among and within States) is cause for alarm, and a tendency which should be seriously addressed and rectified as soon as possible. 14/

32. The United Nations Research Institute for Social Development (UNRISD) has also expanded its indicator related programmes during the past year. Extensive research has been carried out under UNRISD's programme on patterns

of consumption: qualitative aspects of development. As a step towards achieving the aims noted in General Assembly resolution 40/179, mentioned above, UNRISD convened a meeting of high-level experts in mid-1991, resulting in recommendations for specific, low-cost policy measures that could feasibly be undertaken by countries at different levels of economic development. Those involved in preparing for the expert seminar on the use of indicators for the assessment of progress in the realization of economic, social and cultural rights may wish to consult UNRISD on their recent, similar experience, with a view to avoiding duplication of efforts and to attempting to fill existing gaps in this regard.

33. Through a series of country case studies, UNRISD has identified several recurring themes which have emerged in the context of indicator collection and use. Some of the more interesting are: (a) the identification of key indicators and the data base are inseparable; (b) the identification, collection and dissemination to users of indicators take place within administrative settings which are often less than perfect; (c) the definition of "quality of life", how best to measure felt needs and the degree of satisfaction were difficult and a field in which most developing countries have very little experience; (d) difficulties continue in attempting to find meaningful ways of measuring employment, underemployment and unemployment in rural subsistence societies; (e) the need to save costs in data collection; (f) the need for disaggregation of national data to a realistic level, so that the data cover social groups most exposed to hardship, such as specific categories of women, the informal urban sector, landless labourers and the lower ranks of government staff, because such disaggregation is not always achieved; (g) the problems associated with using estimates in place of, or to supplement, real indicators; (h) the continuing problems of inadequate data quality; (i) the degree of priority attached to social as against national accounts data; and (j) finding ways and means to improve the relationship between national and international organizations involved in the indicator process. 15/

34. The United Nations Centre for Human Settlements (Habitat), the United Nations agency responsible for coordinating the Global Shelter Strategy to the Year 2000 has recently developed "Monitoring Guidelines for National Shelter Strategies", for use in monitoring the Strategy. 16/ The human right to adequate housing forms a central foundation of the Strategy. 17/ As such, these guidelines which comprise 14 process indicators broken down into 55 subindicators, could also be of use in assessing progress regarding the obligations inherent in housing rights. The resolution concerning these indicators, inter alia, recommended that requesting Governments be provided technical and financial assistance in the collection and maintenance of data on the shelter indictors by the international community". 18/

35. The Committee on Economic, Social and Cultural Rights has continued to place emphasis on indicators under the terms of its mandate. During its fifth session (1990) many States were asked questions based on available indicators in the context of the obligations found in the Covenant. The newly adopted and fully revised guidelines for States' reports address indicator-based issues extensively, and far more broadly than the previous set of guidelines. 19/ The Committee's General Comment No. 3 indirectly addresses

indicators in the contexts of the "progressive realization" of the rights found in the Covenant, "minimum core obligations" incumbent on all States parties to the Covenant and in the context of "all available resources". Each of these three areas requires some use of indicators.

36. During its sixth session (1991) the Committee intends to hold its third general discussion, the focus of which will be the role of economic and social indicators in monitoring the realization of economic, social and cultural rights. One Committee member has been entrusted with preparing a background paper of issues to be addressed during the general discussion. The Special Rapporteur anticipates taking part in this discussion.

37. As noted in the chapter of this report concerning structural adjustment, assorted pleas have been put forth for a more appropriate human-based set of indicators to be applied in order to measure more accurately the social dimensions of the adjustment process. Calls have come from UNICEF, from various researchers and from other sources. The new project on social dimensions of adjustment in Africa, jointly sponsored by the African Development Bank, the UNDP Regional Bureau for Africa and the World Bank envisions the incorporation of social indicators into macropolicy analysis, which will facilitate policy dialogue between Governments and the donor community by:

(a) Permitting timely and ex ante assessment of the macro-sectoral and household-level ramifications of macro policies being considered;

(b) Allowing explicit social objectives to be built into design of macroeconomic policy packages that allow for the poor and vulnerable to participate more effectively in the renewed economic environment; and

(c) Indicating when and where the adverse effects of these policies are inescapable, so that appropriate mitigating action can be taken in both the short and medium term. 20/

38. The Administrative Committee on Co-ordination (ACC) Task Force on Long-Term Development Objectives Inter-Agency Technical Working Group has also been paying increasing attention to the issue of indicators within the context of monitoring progress towards development. For instance, during its fifteenth session, the Working Group examined economic and social indicators for monitoring the development progress, deficiencies in data used for the analysis and forecasting of world economic performance and the development of improved indicators of human and social development - all issues dealt with in the first progress report of the Special Rapporteur. 21/ It is hoped that the ACC Task Force will participate in the planned expert seminar and that the Centre for Human Rights will continue to play a role in this process.

39. The need for improving the work of the United Nations in the early identification, analysis and forecasting of world economic developments, through, inter alia, the use of indicators appears to be gaining greater recognition and attention. 22/ This approach, and that of analysing the current status of indicators within States, is a development which should definitely be encouraged within the human rights framework of indicator

usage. One of the common threads running through many of these initiatives concerns the now widely accepted need for improving coordination between United Nations agencies dealing with indicators. It is recognized that better cooperation in information gathering and analysis is essential for strengthening the work of the entire United Nations system in this area. 23/ A very useful survey of activities of the United Nations in the analysis and forecasting of world economic developments can be found in the document entitled "Proposals to improve the world of the United Nations in the early identification, analysis and forecasting of world economic developments", a document which should be made available at the expert seminar on indicators. 24/

40. Also of interest will be the 1993 Report on the World Social Situation, which will include a wide range of potentially useful indicators for possible use in various assessment exercises. These will include indicators on population; nutrition; housing and sanitation; health; education and literacy; unemployment and low productivity employment; income distribution and poverty; expenditure on social services; and the quality of life. 25/

41. In addition to these developments within the United Nations system, there have also been many non-United Nations activities and proposals in the field of indicators during the past year, one of which is of special interest, particularly in the light of the increasing recognition within the United Nations of the principles of sustainable development and the incontestable relationship between human rights and the environment. An economist has devised his own set of indicators to arrive at a "green gross national product" that takes account of the harm that economic activity does to the environment. It is absurd, he argues, that measures to defend nature or to check or clean up damage have been counted as part of economic growth. All the indications are that this approach is gaining acceptance in a growing number of countries. 26/ Such initiatives could provide a constructive and useful means of further incorporating the principles of sustainable development firmly in the human rights activities and programmes of the United Nations. It would be useful if the scheduled United Nations Conference on Environment and Development were to explore the wide ranging implications of such new approaches to measuring economic progress more appropriately and accurately.

D. Possible themes for discussion

42. The Special Rapporteur fully appreciates the extensive nature of the indicator issue, and the numerous bodies, organs, agencies, programmes and persons involved in this field. There are clear limitations on the extent to which human rights organs such as the Sub-Commission can play a practical and substantive role in this area. Nevertheless, it is strongly felt not only that the Sub-Commission and other human rights bodies have a central role to play, but that this role must be carried out in as precise and systematic a fashion as possible. For these and other reasons, members of the Sub-Commission may wish to consider discussion of the following, as yet largely unresolved issues pertaining to indicators and the assessment of the realization of economic, social and cultural rights.

(a) If there is general agreement (and the Special Rapporteur feels there is) with the sentiments expressed in the following quotation should the collection of indicators measuring economic, social and cultural rights not be viewed as an obligatory activity of States parties to the Covenant on Economic, Social and Cultural Rights?

> "The starting point for a program to implement economic and social rights is to ascertain, as precisely as possible, the nature of the existing situation with respect to each right, so as to identify more clearly the problems that need to be addressed and provide a basis for principled policy making." 27/

(b) Were indicators to be used to an increasing degree in the human rights programme of the United Nations, could the objective collection of such indicators by Governments be guaranteed? Would indicators face increased manipulation?

(c) How can the role of the Sub-Commission and, indeed, other human rights organs and bodies of the United Nations best be utilized in incorporating indicators in the human rights framework?

(d) How can the ongoing problems of indicator nonavailability, timelag, the multiple possible use of indicators, the often high costs associated with indicator collection, and other continuing dilemmas must appropriately be dealt with and ultimately solved, in the human rights context?

43. The Special Rapporteur would appreciate receiving comments on these and other issues from members of the Sub-Commission for use in preparing his final report.

E. Recommendations for action concerning indicators

44. The Centre for Human Rights, in cooperation with the Secretary-General, human rights bodies and concerned groups and individuals, should begin preparations for the aforementioned international expert seminar on human rights and indicators as soon as possible. It seems appropriate that such an expert meeting should be held prior to the World Conference on Human Rights, in order that the Conference can benefit from the results of the expert gathering. The expert meeting should have wide participation, similar in nature to the Global Consultation on the Right to Development.

45. The summary records of the forthcoming general discussion of the Committee on Economic, Social and Cultural Rights planned for December 1991, should be widely distributed to other United Nations human rights bodies concerned, including the Sub-Commission. The Committee should be encouraged to provide its own specific recommendations concerning indicator use to bodies throughout the United Nations system, as well as to States parties to the Covenant.

46. The Secretariat should be encouraged to compile over time a biannual document comprehensively addressing the current status of "human rights specific" indicators in all States Members of the United Nations;

10 or 15 "core indicators" could be applied to all States. This document should aim to show changes over time, progress made and the areas in which crucial indicators are currently unavailable, unreliable or totally lacking.

47. The Advisory Services Programme of the Centre for Human Rights should be encouraged to develop expertise in the area of indicators with a view to assisting States which so request, in expanding indicator usage in their human rights activities. One staff member could be entrusted with responsibility for this development. Increased links between the Programme and other United Nations agencies dealing extensively with indicators should be encouraged. For instance, links could be expanded with UNRISD, UNICEF, UNDP and other appropriate agencies.

48. Member States should be encouraged to collect, compile and analyse indicators viewed central to international human rights obligations. These would necessarily include those indicators currently uncollected, underemphasized or unavailable.

Notes

1/ See E/CN.4/Sub.2/1990/SR.30 and 31.

2/ The Special Rapporteur visited a number of United Nations agencies to discuss his mandate and receive views thereupon. Many of the persons whom he met expressed interest in taking part in the proposed expert seminar on the use of indicators in assessing progress in the realization of economic, social and cultural rights. (See the Special Rapporteur's internal report on his January 1991 mission to United Nations Headquarters and to the World Bank and IMF in Washington, D.C.

3/ Document E/CN.4/1990/9/Rev.1, para. 177.

4/ Ibid.

5/ See, inter alia, "Study on popular participation in its various forms as an important factor in development and in the full realization of all human rights" (E/CN.4/1985/10 and Add.1 and 2); "Popular participation in its various forms as an important factor in development and in the full realization of all human rights: Study regarding the question of the extent to which the right to popular participation has been established and has evolved at the national level, Report of the Secretary-General" (E/CN.4/1991/11); and resolution 1991/12 of the Commission on Human Rights, entitled "Popular participation in its various forms as an important factor in development and in the full realization of all human rights.

6/ Paul, James C.N. "International development agencies, human rights and human development projects" in Alternatives XIV (1989), p. 83.

7/ Ibid., pp. 83 and 84.

8/ See documents E/CN.4/1991/SR.18, 19, 20, 20/Add.1 and SR.21.

9/ Adopted on 17 December 1985.

10/ For discussion of The Human Development Report 1990, see van de Veen, Hans "Hoe meet je of een vol gelukking is?" in Onze Wereld, January 1991, pp. 6-9; "Development brief: The human condition" in The Economist, 26 May 1990, pp. 78-79; and Madeley, John "Development is more than money" in Development and Cooperation, April 1990, pp. 4-6.

11/ The team which devised the Human Development Index originally intended to incorporate many more indicators into the Index. Access to social services for different social groups, participation in the community, political freedom, respect for human rights and so forth were planned. However, it quickly became apparent that current data for these issues were simply unavailable.

12/ UNDP, Human Development Report 1990, pp. 2-7.

13/ Of course, a good deal of the academic literature has focused on the issue of human rights indicators, including, inter alia, Andreassen, Skalnes, Smith and Stokke "Assessing human rights performance in developing countries: The case for a minimal threshold approach to economic and social rights" in Human Rights in Developing Countries, Copenhagen, Akademisk Forlag, 1988, pp. 333-355; Eide, Asbjorn "Realization of social and economic rights and the minimum threshold approach" in Human Rights Law Journal (vol. 10, No. 1-2), 1989, pp. 35-51; Pritchard, K. "Human rights and development: Theory and data" in Human Rights and Development: International Views (David Forsythe, ed.), Macmillan, London, 1989, pp. 329-345; Stewart, Frances "Basic needs strategies, human rights and the right to development" in Human Rights Quarterly, vol. 11, No. 3, August 1989, pp. 347-374; Tomasevski, Katarina "Measuring compliance with human rights obligations" in Human Rights in Domestic Law and Development Assistance Policies of the Nordic Countries (Rehof and Gulmann, eds.), Nijhoff, 1989, pp. 109-123; and Tomasevski, Katarina "Human rights indicators: The right to food as a test case" in The Right to Food (Alston and Tomasevski, eds.), Netherlands Institute of Human Rights, Utrecht, 1984, pp. 135-167.

14/ For indicators delineating income distribution between the richest 20 per cent of a State's population and the poorest 40 per cent of the population (share of household income), see: UNICEF, The State of the World's Children 1991, pp. 102-103. Close examination simply of the availability of figures in this respect, will reveal that such an indicator is available for only 61 of the 129 countries measured.

15/ UNRISD, Progress Report on UNRISD Activities 1989/1990, Geneva, July 1990, pp. 14-16. See also the following UNRISD Discussion Papers: Ghai, Dharam "Participatory development: some perspectives from grassroots experiences" (Discussion Paper No. 5), June 1988; Trouve, Jose "Elements pour l'approche des indicateurs sociaux en Cote D'Ivoire" (Discussion Paper No. 14), July 1990; and Donald McGranahan, Wolf Scott and Claude Richard, "Qualitative Indicators of Development" (Discussion Paper No. 15), November 1990.

16/ "Monitoring guidelines for national shelter strategies, Report of the Executive Director" (HS/C/13/4). Among other issues, these guidelines address: the assessment of national shelter needs, particularly of the most needy; the realistic definition of resources expected to be available and assessment of additional resources that can be mobilized; the definition of adequate shelter; initiation of action to preserve the housing and land rights of the poor and provide tenurial security to those who do not have it and others. Each of these have clear and discernable housing rights implications.

17/ Global Strategy for Shelter to the Year 2000, adopted by the General Assembly in resolution 43/181 of 20 December 1988. The right to adequate housing is universally recognized by the international community and constitutes the basis for national obligations to ensure that people's shelter needs are adequately met.

18/ HS/C/13/L.4/Rev.1 (para. 3), 7 May 1991.

19/ Document E/C.12/1990/8, pp. 88-110 (revised guidelines regarding the form and contents of reports to be submitted by States parties under articles 16 and 17 of the International Covenant on Economic, Social and Cultural Rights).

20/ African Development Bank, UNDP and the World Bank, The Social Dimensions of Adjustment in Africa: A Policy Agenda, The World Bank, Washington, DC, 1990, pp. 10 and 11.

21/ Report of the Inter-Agency Technical Working Group on its Fifteenth Session (February 1991), ACC Task Force on Long-Term Development Objectives, Inter-Agency Technical Working Group, Fifteenth Session, Geneva, 12-14 July 1990, pp. 34-37.

22/ See, for instance, "Proposals to improve the work of the United Nations in the early identification, analysis and forecasting of world economic developments, report of the Secretary-General (E/1990/80).

23/ Ibid, p. 10.

24/ Ibid.

25/ "Interim report on the world social situation, Report of the Secretary-General A/46/56 and E/1991/6 (Annex: "1993 Report on the world social situation: a draft framework").

26/ Simons, Marlise "A 'green' GNP: gadfly Dutch economist seeks stricter environmental accounting" in International Herald Tribune, 10 December 1990, p. 5.

27/ Alston, Philip "U.S. ratification of the Covenant on Economic, Social and Cultural Rights: The need for an entirely new strategy" in American Journal of International Law (vol. 84, No. 2, April 1990), p. 379.

II. THE IMPACT OF STRUCTURAL ADJUSTMENT ON THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS

49. Few issues relevant to the realization of economic, social and cultural rights have received more attention than the issue of structural adjustment programmes (SAP), correctly labelled as the primary economic concern of the 1980s the "decade of adjustment". A brief survey of this issue was provided in the preliminary report of the Special Rapporteur, whose mandate calls for a human rights specific approach, aiming, inter alia, at conceptualizing the issues relevant to adjustment within a human rights framework. 1/

50. Towards this end, a cross section of the dominant themes related to structural adjustment will be addressed with a view to analysing some of the diverse issues affecting human rights. These themes are:

1. Some basic postulates concerning economic, social and cultural rights;

2. The Conditions leading to adjustment: development denied;

3. Who's to blame?;

4. Yes to growth, but in which form?;

5. Terms and actors in the world of adjustment;

6. Adjustment and human rights: Some central themes;

7. Conditionality and human rights;

8. Common components of adjustment;

9. Is adjustment successful?;

10. Changing views of adjustment;

11. Relevant international legislation: lost but not forgotten;

12. The explicit impact of adjustment on the realization and enjoyment of selected economic, social and cultural rights;

13. Regions and social groups most adversely affected by adjustment;

14. Adjustment, United Nations agencies and human rights bodies;

15. The United Nations Committee on Economic, Social and Cultural Rights;

16. Privatization, the market, human rights and adjustment;

17. Indicators monitoring adjustment;

18. Summary of conclusions.

1. Some basic postulates concerning economic, social and cultural rights

51. Before embarking on the expansive and complex issues of structural adjustment and human rights, it seems crucial to set forth some basic postulates defining the context for the dicussion of these questions. These assumptions, while perhaps self-evident to those well versed in human rights discourse, require explicit expression in view of the increasing attention paid by agencies and institutions not directly involved with human rights to the mandate of the Special Rapporteur. 2/ This would apply, in particular to those agencies and institutions which are examined below, in particular the World Bank and IMF.

52. The Special Rapporteur views the following postulates as central to any discussion on economic, social and cultural rights, especially those relating to broader issues such as economic growth and planning, the distribution of wealth (both within and between States), public debt, trade, equality of access to entitlements and opportunity, and adjustment:

(a) All States possess varying degrees of legal obligations to fulfil economic, social and cultural rights. These obligations have local, national, regional and international dimensions;

(b) Economic, social and cultural rights are interdependent with and are as legal in nature as civil and political rights. They are non-temporal in nature; their application and relevance should be consistent and sustainable, notwithstanding the frequent ebb and flow of both the internal and external economic environment. Constant attention must be paid to utilizing "all available resources" towards the fulfilment of these human rights; 3/

(c) While specific State obligations may differ, all human rights must be applied on a basis of equality of access and opportunity in fact and in law for all persons. Due priority must be placed on those who are most vulnerable and disadvantaged and consequently, least able to achieve these rights for themselves;

(d) States with specific legal obligations to fulfil economic, social and cultural rights are obliged, regardless of the level of economic development, to ensure respect for minimum subsistence rights for all;

(e) Legal obligations towards the realization of economic, social and cultural rights are multidimensional. At the macro-level they affect, *inter alia*, (1) national and local governments and agencies, as well as third parties capable of breaching these norms; (2) the international community of States; and (3) intergovernmental organizations and agencies;

(f) Stemming from point (e), all actors with both implicit and explicit mandates *vis-à-vis* the realization of economic, social and cultural rights should recognize the direct applicability of their work to the issue of economic, social and cultural rights, as well as ensuring that the policies, projects, perspectives and programmes pursued by them do not harm the prospects of these rights being realized nor the capability of a State to fulfil its own legal responsibilities;

(g) Human rights do not exist in a vacuum. The fulfilment of all rights, including those of a socioeconomic nature, are contingent upon a wide variety of economic, social, political, historical, philosophical and legal choices and forces. Each of these areas, in addition to others, will play a significant role in the realization of these rights. None should be over-emphasized and none should be forgotten; and

(h) The increasing integration and internationalization of the global economy, as well as political and social structures and processes, increase the importance of international cooperation and responsibility. Never before have the actions of State "X" had as much real or potential impact upon State "Y" than at present. This obvious, yet under-emphasized fact, and in particular the relevance thereof to the realization of economic, social and cultural rights within the human rights framework, must be consistently addressed.

53. In the view of the Special Rapporteur, the institutions directly involved in designing, promoting and monitoring programmes of structural adjustment, such as the World Bank and IMF, are not exempt from considering the human rights implications of their work programmes. Although perhaps only implicitly, these institutions nevertheless have human rights obligations. While this argument remains subject to discussion within these institutions, it is premised on the following points:

(a) The World Bank and IMF are United Nations agencies (or at the very least United Nations "affiliates"), which are consequently bound by the terms of the United Nations Charter, in particular the human rights clauses found in Articles 55 and 56;

(b) Both of these institutions, as well as others, maintain (whether they say so or not) development-oriented portfolios. Human rights concerns have been increasingly incorporated in a broad range of development activities, such that in its resolution 1987/29 the Sub-Commission stated that "policies aimed at sustainable development imply the integration of human rights in the development process". The link between human rights and development has become inseparable;

(c) The leverage (both potentially and de facto) imposed by these agencies upon and within States is so extensive that human rights can be jeopardized or potentially enhanced in a number of ways;

(d) The human rights impact of policies pursued by these institutions have been addressed by various human rights organs of the United Nations, in particular the United Nations Committee on Economic, Social and Cultural Rights; 4/

(e) There is an increasing recognition that human rights concerns are important within the overall development framework, in particular within the context of adjustment. 5/

54. A wealth of data and research over the past several years indicate that some of the practices, projects and policies pursued by both the World Bank

and IMF lead to a variety of human rights problems. 6/ At the same time, the promotional role which could and should be exercised by these institutions in terms of human rights remains under-utilized. 7/

2. The conditions leading to adjustment: development denied

55. The 1980s, according to a broadly shared opinion, will go down in history as the "lost decade" for development. In spite of remarkable progress (due in part to the availability of external financing) during the 1960s and 1970s for virtually all social and economic indicators, those covering the 1980s show largely either negligible improvement or in many cases dramatic decline. To cite but one example, over two thirds of the world's developing countries registered negative or negligible economic growth during this decade. 8/

56. Although many of the central problems are well known, several key features of the global economic landscape which arose during the 1980s reveal the seriousness, extent and nature of the dilemmas involved. For instance:

(a) There has been a severe decline in average incomes of 15 per cent in most of Latin America, and by 30 per cent in sub-Saharan Africa. 9/ In many urban areas, real minimum wages have declined by as much as 50 per cent. 10/ In total, more than three quarters of Latin American and African States experienced declines in per capita income between 1980 and 1985; 11/

(b) Real per capita GDP fell by 20 per cent in Africa, and 7 per cent in Latin America between 1980 and 1986; 12/

(c) Gross Domestic Investment per capita fell during the 1980s by 75 per cent in Africa and by some 40 per cent in Latin America; 13/

(d) In the 42 poorest countries health spending has fallen by more than 50 per cent during the 1980s, and spending on education by more than 25 per cent. In some of the more indebted countries, infant and child mortality rates have risen; 14/

(e) Foreign debts of the developing countries currently amount to more than $1.3 trillion. Of this amount $429 billion is owed by Latin American countries; 15/

(f) The net transfer of resources to the developing countries has turned from a positive flow of nearly $43 billion in 1981 to a negative flow of nearly $33 billion in 1988; 16/

(g) Primary commodity prices, upon which most economies of the developing nations depend for export-based income and hard currency, have reached their lowest levels since the 1930s; 17/

(h) The gap in comparative income between the developed and developing world has not closed, but continues to widen. At present, the average per capita income in industrialized States is 58 times higher than in the least developed countries. 18/ The poorest of the developing countries have more than half of the world's population and 5.6 per cent of world income. 19/ Similarly, the ratio of GDP per capita between developed and developing regions, which was 10.5 to 1 in 1970, is expected to exceed 13.5 to 1 by the year 2000; 20/

(i) Although the range in the distribution of wealth between States is substantially greater than that within States, the unequal distribution of income within States also continues to widen, strengthening fears that redistributive justice as a principle is declining in favour of less regulated approaches based on the forces of the market and prevailing patterns of adjustment; 21/

(j) During the 1980s the numbers of the absolute poor have increased in the developing countries as a whole. In Africa, they have increased relative to the total population; 22/

(k) Government expenditure on social services declined in a majority of developing States. 23/

57. As precarious and disturbing as these trends may be, projections by the agencies of the United Nations system unanimously suggest that in the absence of major changes in policies, the 1990s will be much like the previous decade, if not worse. 24/

3. Who's to blame?

58. Each of the aforementioned (and assuredly other) social and economic realities so prevalent during the 1980s are attributable to a variety of factors, some internal and others external. Some analysts place almost exclusive blame on either internal or external factors, while others attribute the causes of the problem to a combination of both forces.

59. At the risk of over simplification, it may be said that the most important internal factors are determined to a large degree by the dominant political economy practised within a State, the extent to which good, equality-based and representative governance prevails, rates of population growth, economic management, the existence of adequate and appropriately targeted social policies and welfare programmes, the overall strength of the national economy and the extent to which issues such as poverty alleviation and redistributive justice are dominant political priorities in both practice and in law.

60. In contrast to the large majority of other analysts of the causes of the economic decline of the 1980s, the World Bank claims that the most important factors are attributable to internal, rather than external forces. 25/

61. In the view of the Special Rapporteur, however, external factors combined with certain internal forces appear quite clearly to be as responsible as purely domestic factors in contributing to the economic demise which characterized the 1980s. 26/ Although some of these factors arguably were beyond the control of States such as climate, flooding and so forth, the

majority were created by human beings. As bilateral and multilateral overseas development aid slowly declined (in both relative terms and in relation to need), as oil prices rose, as military expenditure increased, and for many other reasons too numerous to note here, massive loans by both private and public institutions and banks were provided to most of the countries of the South. 27/

62. The debt which accrued as a result of these loans, an unfavourable international economic climate, decreasing commodity prices, increasingly high interest rates in the countries of the North (the lenders), decreased levels of investment, balance of trade deficits and structural adjustment programmes have left an indelible mark on the economic landscape now visible throughout the world.

63. To anyone even slightly well versed in the global economy, the economic crisis of the 1980s did not come as a big surprise. 28/ The Special Rapporteur on the realization of economic, social and cultural rights of the United Nations Commission on Human Rights, Mr. Ganji, recognized the human rights implications of debt more than 15 years ago in 1975, when he stated:

> "... one of the major difficulties facing most of the less developed countries in their efforts towards the realization of economic, social and cultural rights is the growing burden of external debt." 29/

64. Similarly, Raul Ferrero, the Special Rapporteur on the new international economic order and the protection of human rights devoted attention to high levels of indebtedness and the link between economic issues and human rights. 30/

65. The destabilizing economic situations increasingly prevalent in most of the majority of the developing world required serious attention. Extreme balance of payment problems, debt, lost export earnings, widening trade gaps and so forth had to be addressed. And whereas a wide range of options could have been applied, this attention came most predominantly and forcefully in the form of structural adjustment, also known as "austerity measures" or more colloquially as "belt tightening", with a priority focus on economic growth as the means of pulling States out of this economic quagmire.

4. Yes to growth, but in which form?

66. There seems to be more or less general agreement about two central factors related to the adjustment debate. First, in principle some form of both economic growth and adjustment are adjuncts to a well-functioning economy and necessities in the vast majority of States, those of the South as well as the North. While second, if economic growth and adjustment are deemed inevitable, then their form, manner, modalities and content must be scrutinized for their effectiveness, success and especially the degree to which they address areas related to poverty alleviation, disadvantaged groups, targeting vulnerable social sectors and so forth.

67. Neither growth nor adjustment are invariably destructive. At the same time, neither of these economic processes can be guaranteed inevitably to promote justice, equality and ultimately the realization of economic, social and cultural rights. Both growth and adjustment are based on and require a series of complex and intricate choices, which determine the form they take in practice. There is little proof that adjustment cannot be carried out taking into account the needs of the most vulnerable members of society, ("adjustment with a human face"). Indeed, UNICEF has identified a number of States which have protected vulnerable groups, while at the same time stimulating economic growth. What has been deemed "orthodox adjustment" need not be the only possible remedy. 31/ It appears that, at least rhetorically, IMF recognizes this as well:

> "The extent to which adjustment is compatible with growth and with an improvement in living standards depends in large part on what form that adjustment takes...". 32/

68. Likewise, economic growth need not promote exclusively the interests of the economic elite of a nation, relegating vulnerable groups to even more precarious social positions, and in the process destroying the ecological balance. One point echoed by many commentators is that in the absence of adjustment and growth, the staggering social problems currently prevailing in the majority of States might be worse than they are at present. Agencies as distinct as UNICEF and the World Bank agree with this view. Yet, the struggle to promote economic growth by stimulating certain economic processes (including the use of adjustment) has caused and continues to cause additional, equally severe problems.

69. However, economic growth purely for the sake of growth appears to be on the decline as an ideology, as well as being increasingly difficult to justify. "Growth with equity", "quality growth" and "sustainable growth" are increasingly predominant themes. 33/ Numerous publications such as the report of the World Commission on Environment and Development, Our Common Future, show quite conclusively that economic growth can be achieved without adverse consequences for the natural and human environment. There is no reason why economic growth cannot be pursued alongside policies aimed directly at reducing poverty and income disparities within a State, and indeed throughout the international community. Development can and must be sustainable. Although over 120 different definitions of "sustainable development" have been put forward during the past several years, 34/ the World Commission's definition continues to be useful. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: (1) the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and (2) the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs. 35/

70. The principle of sustainability requires comprehensive further incorporation in economic planning and policies, adjustment programmes and, of course, the entire field of economic, social and cultural rights.

5. Terms and actors in the world of adjustment

71. UNICEF defines adjustment as the process of responding to (often severe) imbalances in the economy, particularly deficits in a country's balance of payments, usually by adopting measures which expand exports, reduce imports, or otherwise attract foreign exchange to a country. Often, measures to curb a government deficit by increasing government revenue or reducing expenditure are also involved. These actions involve changes in the structure of the economy. 36/

72. The central international actors within this framework are IMF and the World Bank. The International Development Association (IDA) and other institutions also play significant roles. 37/

73. For most of the 1960s and 1970s, IMF concentrated on short-term economic "stabilization" programmes. Stabilization policies generally sought to induce adjustment through demand effects, whereas structural adjustment emphasizes the supply side. In 1980, the World Bank established the now well known programme of structural adjustment loans (SALs). SALs rapidly became instruments for reinforcing traditional bank project loans by, supposedly, creating a macroeconomic environment supportive of sustained growth and development. 38/ During the following decade, the Structural Adjustment Facility (SAF) and later the Enhanced Structural Adjustment Facility (ESAF) were established to support economic adjustment programmes over the medium-term (three years) and to supplement the ordinary short-term IMF loans. 39/ The general absence of peripheral concern for poverty reduction or for protecting vulnerable groups in the adjustment programmes advocated by IMF has been the subject of extensive international criticism, even from within the Fund itself. A managing director of IMF has stated:

> "It is hard to visualize how a viable external position can be achieved if large segments of the work force lack vocational skills or, even worse, the basic nutritional and health standards to produce goods that are competitive in the world market." 40/

74. One study of loan conditions counted 196 objectives of Fund programmes between 1964 and 1979, among which the aim to "protect the poor against possible adverse effects of programmes" occurs exactly once. 41/

75. According to the World Commission on Environment and Development:

> "There is deep concern in many countries that the conditions that accompany its lending are undermining sustainable development. It is therefore essential that the IMF incorporate sustainable development objectives and criteria into its policies and programmes ...
>
> "... The transition to sustainable development by the IMF would be facilitated by the establishment of a highlevel office with the authority and resources to ensure that all policies, projects, and loan conditions support sustainable development, and to prepare and publish annual assessment and reports on progress made and needed. 42/

76. The involvement of the World Bank in the adjustment process has grown steadily. Following in the wake of shorter-term IMF stabilization programmes, the World Bank (in conjunction with the Fund) has promoted two generations of structural and sectoral adjustment programmes that currently account for over one quarter of its entire lending. In 1991 it intends to provide between $21 and $24 billion in loans and credits to developing countries. 43/ One of many of the critical views of the Bank's vision of adjustment is that:

> "Designed to deregulate local economies, streamline the public sector, free domestic resources for private sector investment and promote exports and growth in order to reduce foreign debt, these programmes are supported by loans conditional on Governments making drastic cuts in such areas as social services, wages and public employment." 44/

6. Adjustment and human rights: some central themes

77. Measures of adjustment have been taken by over 70 Governments during the past decade. 45/ The majority of these have been based on negotiations with either the World Bank or IMF (or both), while in a smaller number of cases States have initiated such programmes independently. On average, every year from 1980 to 1985, 47 countries were implementing IMF adjustment programmes. 46/ Between 1980 and 1988 there were 130 combined World Bank and IDA adjustment operations in 55 countries. 47/

78. While no two structural adjustment programmes are exactly alike, many features are found in virtually all such programmes. Prevailing adjustment policies tend to combine expenditure reducing policies, expendure switching policies, and institutional and policy reforms. 48/ Although significant changes have taken place concerning the content and orientation of adjustment programmes during the past 34 years, the "economic medicine" prescribed to developing countries, has not developed in such a way as to correspond fully to the specificities of different situations.

7. Conditionality and human rights

79. The terms of conditionality associated with adjustment raise a broad spectrum of serious questions when viewed from the angle of human rights. Countries requiring or seeking external finance from the World Bank or IMF are generally required to fulfil a set of conditions, in the absence of which no funds will be transferred. Generally, a State seeking funds must first conclude an agreement with the Fund prior to the Bank committing funds in the same direction. In most cases conditionality is only accepted with reluctance or, in the case of a number of countries, meets strong resistance. As Susan George has stated:

> "The number and severity of the obligations the Fund requires even for comparatively small loans causes complaints but borrowing countries know that they will obtain no further loans from other sources without the IMF seal of approval ... As a longtime official of the IMF has written, 'If the Fund's standards of conditionality were lowered, the change would become known and probably the Fund would have less influence on other potential lenders'." 49/

80. It is useful to note the views of the Bank and IMF on conditionality for they reveal a great deal about the willingness of these institutions to address human rights issues within their work programmes. 50/ Their views appear to be changing somewhat, in a positive sense. In one country the Bank has argued that the notion of conditionality could be applied to protect government expenditure on social sectors, in an era of general retrenchment in total expenditure. 51/ The publication that refers to this situation continues in an interesting fashion, noting that:

> "It is not enough to stipulate a cut in total government expenditure if this cut will make the poor suffer. In principle, there is nothing to stop conditionality which requires, for example, the maintenance or increase of real expenditure on primary education. Relatedly, there is nothing to stop part of the structural adjustment loan being earmarked for maintenance of recurrent expenditures in key areas such as medicaments in the health sector. The operational and monitoring problems that these bring will need to be overcome if an effective poverty focused program lending strategy is to be implemented." 52/

81. If adjustment is accepted as necessary, and if conditionality is already widespread, arguments supporting a very different type of conditionality are worth exploring, particularly concerning the pattern of government expenditure. Measures of adjustment continue to be imposed, with adjusting States possessing few additional, and perhaps less painful economic choices. The current modalities of adjustment, while subject to change, continue to be inappropriate in many ways, particularly so if viewed through the lens of social and economic human rights. In the view of one writer:

> "countries desperately in need of external resources are forced to adopt policy measures which have either been discredited or are still the subject of unsettled and intense professional debate even in the industrialized countries where they are supposed to make a great deal of sense." 53/

82. Conditionality in one form or another will always be present. However, if applied differently, conditionality could result in greater respect for economic, social and cultural rights. For instance, it has been argued that: conditionality should be acceptable if it is directed to promote socio-economic rights. 54/

83. The Committee on Development Planning (CDP) has also noted the potential role which could be played by conditionality with respect to encouraging States to fulfil rights including those to food, education and health. 55/ Others have suggested that decreasing military expenditure in the recipient State could form the basis for new visions of conditionality. 56/

84. Conditionality, of course, pervades virtually all decisions relating to bilateral development assistance. Human rights considerations are firmly entrenched in the funding policies of a growing number of donor countries. The focus remains on civil and political rights. 57/ However, the scope for broadening the focus to include economic, social and cultural rights appears to be growing. 58/

8. Common components of adjustment

85. Although each structural adjustment programme is distinctive in nature, the following components are common to the majority of them. The human rights implications of such actions will be examined below:

(a) Devaluation of the local currency;

(b) Decrease of government expenditure on public services;

(c) Abolition of price controls;

(d) Imposition of wage controls;

(e) Reduction of trade and foreign exchange controls;

(f) Restrictions on domestic credit;

(g) Reduction of the role of the State in the economy;

(h) Increasing the basis for the export economy;

(i) Decreasing imports; and

(j) Privatization of heretofore public enterprises. 59/

86. These components of "orthodox adjustment" patterns promoted by the Bank and the Fund have several central objectives, including: (a) reducing inflation; (b) re-establishing equilibrium in the balance of payments; and (c) promoting economic growth.

87. It is noteworthy that one element of national expenditure which is almost invariably not affected by programmes of adjustment is military spending. This is in spite of the fact that per capita military expenditure in developing countries is greater than combined public expenditure on health and education. 60/ According to one United Nations document:

> "In the present period of fiscal constraints, increases in military expenditure even more directly imply reductions in other government programmes, and frequently in those directed towards development." 61/

88. Another disturbing element of traditional adjustment programmes is their generally short-term orientation. The typical duration of SAPs ranges from one to three years. UNICEF and others that have proposed alternative adjustment models continually emphasize that adjustment measures must be aimed at timespans more in the range of 5 to 10 years. In this way, at least some of the more dramatic impacts of short-term adjustment can be mitigated. As is claimed in one document:

> "The emphasis of adjustment programmes on changes in domestic policies to cope with severe internal and external imbalances has entailed reforms which are often too drastic and implemented too quickly. This intensifies the strains on already weak institutions and may disproportionately harm the more vulnerable social groups." 62/

89. Although each of these common components of adjustment deserves attention, it may be useful to examine briefly two specific aspects. First, the rush of all adjusting States to expand exports results in overburdening the market with resources and goods, such that supply far outstrips demand and all but the most fortunate suffer as a result. It should not come as a great surprise that commodity prices are now at their lowest level since the 1930s. Second, the impact upon the environment and the natural resource base is considerable. 63/ As one publication states:

> "In a mad, competitive rush to export to shrinking Northern markets, the nations of the South, aided by official lenders and Northern investors, have been raping their forests, polluting their rivers, poisoning their soil, displacing local populations and forcing small staple food producers onto more and more marginal lands." 64/

9. Is adjustment successful?

90. A question (perhaps the most important one) thus emerges. Is adjustment successful and does it achieve its alleged aims? If adjustment is indeed effective at fairly and adequately redressing the extreme economic problems prevailing in so many States, then it is, after all, not a bad idea. If, on the other hand, adjustment creates additional (and sometimes even more severe) problems or if it only solves a small portion of the dominant economic "problematique", should this process, at least in its current form, be continued?

91. The Special Rapporteur has been unable to find much evidence which conclusively shows that adjustment measures are actually successful in achieving their aims. Most of the literature in fact, points in the opposite direction. According to one United Nations publication:

> "Such dismal economic performances come despite the adoption of stringent and often politically difficult adjustment measures by scores of Governments in Africa, Asia and Latin America. The immediate social costs of policy reform have been painful, while the expected payoff of renewed growth has yet to materialize for most of these countries." 65/

92. Another United Nations document states that:

> "... adjustment policies in many cases have aggravated the situation of the poor. Real wages have dropped, access to health and to education has been reduced, and in some countries the decline in infant mortality has slowed down or has stopped entirely." 66/

Similarly, UNCTAD's 1989 Report on The Least Developed Countries asserts that:

> "It has become evident that the performance of the 12 LDCs which have had consecutive adjustment programmes throughout the 1980s does not differ significantly from that of the LDCs as a whole ... thus leaving open the question of the adequacy of these programmes for the LDCs. Moreover, as currently defined, such programmes could even bring about undesired effects, in particular in terms of high social costs and a weakening of the LDCs' ability to achieve long-terms economic development." 67/

93. From a series of 10 detailed case studies of the impact and success of adjustment, UNICEF found that even without taking negative social impact into account, only a minority of adjustment programmes had actually resulted in renewed economic growth and a generally strengthened economy. 68/ The same study also showed, however, that some States were able to resume growth, while simultaneously protecting the most vulnerable. Notably, these tendencies occurred in States with built-in measures for protecting the poorer segments of the population, which remained in place during the adjustment process.

94. A UNDP policy discussion paper on development and adjustment notes that "the more recent adjustment-with-growth programmes of the IMF, so widely applied in Latin America and the Caribbean in the 1980s, appear to have failed to stimulate growth substantially". 69/

95. Interestingly, comparative analyses by the Bank and IMF which purport to reveal the success of adjustment measures are frequently called into question by a range of other United Nations agencies and NGO studies of the same situations. Many of the "models of successful adjustment" held up by IMF and World Bank, are premised on narrow visions of success. 70/ For instance, while the Bank claims that "excluding countries affected by strong economic shocks, positive or negative, the figures showed that reforming countries were achieving better economic growth than the others". 71/ The same publication though, admits that work done in the same situations by the United Nations Economic Commission for Africa do not show benefits from adjustment.

96. UNICEF has identified seven major lessons of adjustment, which are worth noting in full:

(1) The shocks to which the majority of the countries had to adjust were of an exogenous nature; the results of either the international environment or climatic conditions, both factors beyond the control of national authorities;

(2) Adjustment is necessary;

(3) Growth-oriented approaches with structural adjustment have been adopted successfully;

(4) Growth-oriented adjustment is necessary but not sufficient to protect vulnerable groups;

(5) In the short and medium term, the well-being of children and other vulnerable groups can be protected and even improved with the adoption of appropriate targeted programmes even during periods of economic decline;

(6) Most programmes aimed at protecting the poor are relatively inexpensive in terms of total government expenditure and GDP; and

(7) Foreign finance is important in facilitating a smooth programme of adjustment. 72/

10. Changing views of adjustment

97. The World Bank's World Development Report 1990 states quite openly that:

> "... when structural adjustment issues came to the fore, little attention was paid to the effects on the poor. Macroeconomic issues seemed more pressing, and many expected that there would be a rapid transition to new growth paths. As the decade [1980s] continued, it become clear that macroeconomic recovery and structural change were slow in coming. Evidence of declines in incomes and cutbacks in social services began to mount. Many observers called attention to the situation, but it was UNICEF that first brought the issue into the centre of the debate on the design and effects of adjustment. By the end of the decade the issue had become important for all agencies, and it is now reviewed in all adjustment programmes financed by the World Bank". 73/

98. In its monumental work, Adjustment With A Human Face, which has promoted substantial changes in the adjustment process, UNICEF appropriately urged that:

> "the call for a more people-sensitive approach to adjustment is more than a matter of economic good sense or political expediency. Ultimately it rests on the ethic of human solidarity, of concern for others, of human response to human suffering". 74/

99. Since the initial stages of the debt crisis in 1982 the major force precipitating the imposition of adjustment programmes-significant changes have taken place in terms both of the design of adjustment programmes, and the place which poverty alleviation, effective targeting programmes and safety nets have as components of these programmes. While these changes are encouraging, it is too early to speculate as to whether they have had a positive impact upon the poorer sections of society, or indeed if they have had any influence on decreasing levels of impoverishment.

100. The criticism levied internationally against orthodox adjustment by entities as diverse as national leaders, UNICEF, UNRISD, various non-governmental organizations and many others appear to have had a considerable impact upon the attitudes towards adjustment of both IMF and the World Bank.

101. The World Bank, returning to the policies advocated in the 1960s and early 1970s, appears to have "rediscovered" the issue of poverty. In a broader context, the World Development Report 1990 addressed poverty as the focus theme. In the context of the Bank's adjustment policies also, the theme of poverty alleviation seems to be gaining greatly increased attention.

102. A World Bank staff member said in 1988:

> "The aim of adjustment programmes is to help restore financial stability and accelerate growth, but the basic objective is always to help alleviate poverty ... To be politically sustainable, adjustment

> programmes must be designed to attenuate any adverse effects on incomes and employment ... Adjustment programmes must be buttressed by adequate programmes in education, health, family planning and natural resource protection". 75/

However, programmes such as education, health, birth planning services and natural resource protection all involve government spending, a habit which the majority of adjustment programmes were seeking to reduce. 76/

103. In sub-Saharan Africa, the Bank continues to advocate strongly the need for continuing adjustment policies, without excluding the interests of the poorer sectors of society:

> "The adjustment efforts must be continued and the reforms broadened and deepened. The journey will be long and difficult, and special measures are needed to alleviate poverty and protect the vulnerable ... (and)
>
> "Adjustment programmes should continue to evolve. Programmes must take fuller account of the special impact of reforms (and increase budget expenditure on human resources development), and investment needs to accelerate growth and measures that are required to assure sustainability. The goal is not simply to achieve macroeconomic balance, but over time to fundamentally transform Africa's production structures. The strategy should be people-centred. Human resources development and meeting basic needs are top priorities". 77/

104. In coordination with the UNDP Regional Programme for Africa and the African Development Bank, the World Bank initiated a programme on the social dimensions of adjustment in 1987. One of its principal aims is to integrate poverty reduction policies and programmes into the design of development programmes. At the same time, the Bank recognizes that:

> "growth, on its own, will not alleviate all poverty. Special social policies also are needed to ensure that the poor share in the growth process and to protect them from temporary effects of adjustment." 78/

105. More than 30 countries are participating in this programme, the major challenge of which will be

> "to integrate the objective of poverty reduction as part of the design of macroeconomic strategies, to help reorient public expenditure programs in favor of the poor, and to promote the participation of community groups and NGOs in designing and implementing socioeconomic policies and development plans". 79/

The Social Dimensions of Adjustment in Africa states that

> "adjustment affords the possibility to marshall renewed attention on meeting the problems of the poor, who had been previously bypassed by the former macroeconomic environment". 80/

This programme reveals a number of what appear to be positive policy choices, including interventions designed to promote: protection of the most vulnerable groups; compensatory action and transitional arrangments; measures to ensure that the poor participate effectively in the growth process; and the protection of the long-term interests of the population.

106. The World Bank continues to make extensive efforts to indicate its now central concern for poverty alleviation, vulnerable groups in society and the need for treating these realities as seriously as major economic difficulties. A large number of Bank publications have addressed these points. 81/ The practical impact of these positive policy changes, however, is not at present clear. But, in the context of Africa, the Economic Commission for Africa claims that "available evidence indicates that these compensatory measures have had limited success". 82/

107. On the basis of consultations held with the Special Rapporteur, in addition to existing research, there appears to be more or less general agreement that the Bank has undertaken important steps in the direction of embracing poverty concerns in its adjustment perspectives. 83/

108. In contrast to the emerging commitment of the World Bank to addressing the needs of the poor within the adjustment process and to alter its adjustment programmes accordingly, in the words of the independent Bank Information Centre:

> "The IMF has taken no effective measures to protect the poorest sectors of society or the environment ... Since poverty and vulnerability are an integral part of the crisis, any adjustment programme that does not seek to reverse this worsening is wholly inadequate ... Currently, unlike the World Bank, the IMF does not conduct studies of environmental and social consequences of its actions. This is partly the result of the absence of qualified personnel on the IMF staff in the areas of natural resource, development, poverty and other related subjects, as well as the lack of contact with the affected populations. To develop accurate social and environmental impact studies, the Fund needs natural resource economists and poverty experts." 84/

109. However, encouraging steps have been noted, including IMF initiatives in seeking enhanced cooperation with various United Nations agencies. The IMF Survey noted late in 1990 that "social concerns must be addressed at the design stage of economic adjustment programmes". 85/ As mentioned above, IMF has begun incorporating "safety nets" into some of its adjustment programmes, however suggesting that:

> "Social safety nets and ecological safeguards are not added to programmes on the cheap. These options have their costs." 86/

Similarly, the Fund appears now to be more willing than before to cooperate with United Nations agencies in the context of adjustment, and to accept input from these agencies. The United Nations Centre for Human Rights should be encouraged to expand and strengthen existing linkages with IMF in order to ensure greater awareness of the human rights implications of the Fund's work.

110. In spite of assurances from IMF and the World Bank that adjustment will now take greater account of the needs of vulnerable groups, several policy elements of structural adjustment require re-analysis and change. Close attention should be given to the following remarks of UNICEF, made in 1990 (that is to say, well after the inclusion of poverty alleviation into Bank policies):

> "... [if] the world is to move towards development of the poor in the decade ahead, then the World Bank and IMF will need to lean their weight in the same direction. At the moment [1990], Bank and IMF loans are conditional on the fulfilment of economic criteria such as reducing public spending and stabilizing balance of payments. But it is now essential to take a wider view of these conditions. In cooperation with other donors and other international agencies, as well as the governments of the countries concerned, economic adjustment programmes also need to take into account the social impact of those conditions in order to ensure that nutritional standards are not undermined, that the incidence of low birth weight and childhood disability does not increase, that immunization rates do not fall, that adjustment will not lead to the closure of clinics and primary schools. The days are gone when financial institutions could confine their concerns to the purely economic. The meeting of agreed goals is also essential to prevent both immediate human deprivation and the disinvestment in people which undermines long-term growth." 87/

111. A UNDP publication states:

> "In the more recent structural adjustment loans some social concern appears. The measures adopted thus far are however still inadequate. Employment and income distribution issues and measures to permit the structural poor to have access to productive assets and to be integrated in the economic fabric should be thought out at the very start of programmes and tightly interwoven." 88/

112. Numerous alternatives have been proposed with the objective of creating adjustment programmes more appropriate both to the needs of vulnerable groups, and to the actual capacities of States to reform existing economic and social policies. Far and away the best known such alternative vision of adjustment is UNICEF's much heralded "Adjustment with a human face". The three central thrusts of this approach represent a means of carrying out adjustment in a manner quite distinct from the orthodox measures advocated by the international financial institutions, and far closer to the concerns of people throughout the world to have their economic, social and cultural rights fully recognized and implemented.

113. Adjustment with a human face requires that:

(1) The goal of protecting the poor and vulnerable should become a basic objective of economic adjustment, alongside the longer-term goal of human-focused, sustainable development;

(2) Adjustment programmes should be recast to incorporate specific measures aimed at investing in the poor. These would include credit for small-scale farmers and traders, and support for women producers in particular. This investment would also entail restructuring social sectors to give a greater proportion of attention and resources to low-cost, high impact services such as primary health care rather than hospitals, primary education and literacy rather than universities, and basic water supplies rather than prestige housing developments; and

(3) Human indicators and not simply economic variables nutrition as well as inflation, food intake as well as the balance of payments, shortfalls in household income as well as government budget deficits. 89/

114. Although by far the best known, UNICEF's version of more appropriate adjustment is one of more than 100 such alternative adjustment models, some dealing exclusively with adjustment, others addressing the overlapping themes of debt and adjustment. 90/ Two of the more interesting in terms of the Special Rapporteur's mandate are (a) the 3D Solution 91/ and (b) the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation. 92/

11. Relevant international instruments

115. In addition to the human rights instruments enshrining economic, social and cultural rights, a number of other texts relate to the issues comprising structural adjustment. The following provisions of such texts merit attention.

116. The Charter of the United Nations provides a legislative basis for international responsibility directly linked to the central issues of structural adjustment. Article 55 states that the United Nations shall promote "higher standards of living, full employment and conditions of economic and social progress and development". Article 56 provides: "All Members pledge themselves to take joint and separate action in cooperation with the Organization for the achievement of the purposes set forth in Article 55".

117. Article 1 common to both Covenants provides:

> "1. All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development.
>
> "2. All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic cooperation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence." (Emphasis added.)

118. In 1962, the General Assembly of the United Nations adopted resolution 1803 (XVII) entitled "Permanent sovereignty over natural resources". In two preambular paragraphs we find that:

> "economic and financial agreements between the developed and the developing countries must be based on the principles of equality and of the right of peoples and nations to self-determination, ... the provision of economic and technical assistance, loans and increased foreign investment must not be subject to conditions which conflict with the interests of the recipient State." (Emphasis added.)

Paragraph 3 states:

> "In cases where authorization is granted, the capital imported and the earnings on that capital shall be governed by the terms thereof, by the national legislation in force, and by international law. The profits derived must be shared in the proportions freely agreed upon, in each case, between the investors and the recipient State, due care being taken to ensure that there is no impairment, for any reason, of that State's sovereignty over its natural wealth or resources." (Emphasis added.)

119. Article 16 of the United Nations Declaration on Social Progress and Development, proclaimed in 1969, provides for the following regarding the reverse flow of capital from the developing to the developed world:

> "The adoption of measures aimed at prevention of such an outflow of capital from developing countries as would be detrimental to their economic and social development.

120. The Universal Declaration on the Eradication of Hunger and Malnutrition, adopted by the World Food Conference in 1974 and endorsed by the General Assembly of the United Nations in the same year, states that hunger and malnutrition have been aggravated by, inter alia, the heavy burdens imposed by external debt on the balance of payments of many developing countries. Paragraph 7 declares that urgent and effective international action should be taken, by the developed countries and other countries in a position to do so, to provide the developing countries:

> "with sustained additional technical and financial assistance on favourable terms and in a volume sufficient to their needs on the basis of bilateral and multilateral arrangements. This assistance must be free of conditions inconsistent with the sovereignty of receiving States." (Emphasis added.)

121. Express reference must be made also to article 28 of the Universal Declaration of Human Rights, for it has substantial implications for the realization of economic, social and cultural rights in the prevailing mode of structural adjustment programmes:

> "Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized."

122. Lastly, General Assembly resolution 45/194 (1990) entitled "Economic stabilization programmes in developing countries" addresses adjustment in a comprehensive manner. Paragraphs 2 and 3 of that resolution read:

> "2. *Stresses also* the necessity of the integration of the human dimension in the formulation and implementation of structural adjustment programmes with the aim of protecting, in particular, the most vulnerable groups of the population in the processes of adjustment;
>
> "3. *Stresses further* that structural adjustment programmes, in the context of the attainment of macro-economic balance, should contribute to modernization, diversification and growth of the economies of the developing countries and, at the same time, to the fulfilment of the aim of improving the human condition, especially the standard of living and quality of life of people, in particular the most vulnerable groups of the population." 93/

123. Resolutions have been adopted by various bodies, including the Commission on Human Rights and the Sub-Commission dealing with the adjustment process and related issues. Perhaps most significant is resolution 1989/21 of the Sub-Commission, in which it noted, *inter alia*:

> "... that the adverse effects of debt-related structural adjustment programmes have exacerbated poverty in the developing countries, particularly among vulnerable groups, and have limited the capacity of these countries to achieve their social and economic objectives,
>
> "... that any foreign debt strategy must be designed not to hamper the steady improvement of conditions guaranteeing the enjoyment of human rights ...
>
> "... the need to revive the economic growth and development of these countries, reduce the political and social costs of structural adjustment programmes and to guarantee the necessary conditions for the full enjoyment of all human rights." 94/

12. The impact of adjustment on the realization and enjoyment of selected economic, social and cultural rights

124. While the Special Rapporteur feels that precision, rather than generalizations would be more useful for the purposes of examining and understanding the intricate and complex relationships between human rights and structural adjustment, an overview will have to suffice for the moment. There are a number of methods which could be employed towards this end, however, a selective right-by-right analysis appears to be the most fruitful approach at this stage. The Sub-Commission may wish to consider the feasibility of sanctioning further work on the more specific impact adjustment can have on selected human rights. Six rights and the effects adjustment has or can have upon the implementation and realization of these rights will therefore be briefly examined in this subsection.

125. As the predominant form of adjustment programme is essentially economic in nature (as opposed to social), the human face or human dimension elements of these programmes, in spite of scattered progress, remain inadequate. Emphasis on efficiency, growth, increased exports, decreased imports, limiting public expenditure, currency devaluation, reduced inflation and the like, although perhaps not viewed by their proponents or economists as affecting the realization of economic, social and cultural rights, do in fact have a major impact on their fulfilment. As one author has stated:

> "The policy performance criteria specified by structural and sectoral adjustment loans determine the extent to which the recipient Government can meet its human rights obligations. The guidance given to the recipient Government determines the level of public expenditure, priorities and proportions within it. The formula applied by the World Bank jeopardizes the implementation of human rights obligations. The most illustrative examples are found in the area of education and health, where the requirement of cutting down investment are contrary to the basic human rights obligations of Governments in education and health." 95/

126. Government expenditure and investment in the social sectors declined severely during the 1980s, owing in large part to the presence of adjustment programmes. Expenditure on education fell in 59 per cent of Latin American countries, compared with 33 per cent of African countries; and on health in 61 per cent of the countries in Latin America and 47 per cent in Africa. 96/ An UNRISD document states in terms relevant to human rights obligations:

> "Faced with sharply declining public revenue, frequent balance of payments crises and the enormous burden of servicing the debt, many Governments have over the past decade or more been unable to fulfil either their international or internal commitments. Public services have declined in quality or simply disappeared; public works and infrastructure have deteriorated; public regulatory and administrative functions have been abandoned or sharply curtailed." 97/

127. It may be useful at this stage to reiterate several of the principles outlined in the Limburg Principles on the Implementation of the International Covenant on Economic, Social and Cultural Rights, which could be applicable in the context of adjustment. Among some of the most relevant are:

> "(15) Trends in international economic relations should be taken into account in assessing the efforts of the international community to achieve the Covenant's objectives ...;
>
> "(23) The obligation of progressive achievement of the rights found in the Covenant exists independently of the increase in resources; it requires effective use of resources available ...;
>
> "(25) States parties are obliged, regardless of the level of economic development, to ensure respect for minimum subsistance rights for all;

> "(26) 'Its available resources' refers to both the resources within a State and those available from the international community through international cooperation and assistance;
>
> "(27) In determining whether adequate measures have been taken for the realization of the rights recognized in the Covenant attention shall be paid to equitable and effective use of and access to the available resources;
>
> "(28) In the use of the available resources due priority shall be given to the realization of rights recognized in the Covenant, mindful of the need to assure everyone the satisfaction of subsistance requirements as well as the provision of essential services;
>
> "(33) International cooperation and assistance shall be based on the sovereign equality of states and be aimed at the realization of the rights contained in the Covenant;
>
> "(48) No limitation on the exercise of economic, social and cultural rights shall be made unless provided for by national law of general application which is consistant with the Covenant and is in force at the time the limitation is applied;
>
> "(51) Adequate safeguards and effective remedies shall be provided by law against illegal or abusive imposition or application of limitations on economic, social and cultural rights;
>
> "(96) Consultation should be initiated between the Committee on Economic, Social and Cultural Rights and international financial institutions and development agencies to exchange information and share ideas on the distribution of available resources in relation to the realization of the rights recognized in the Covenant. These exchanges should consider the impact of international economic assistance on efforts by States parties to implement the Covenant and possibilities of technical and economic cooperation under article 22 of the Covenant." 98/

128. It should be recognized, of course, that adjustment or for that matter any externally derived economic process, will rarely affect this or that right in an exclusive manner. The human rights impact of adjustment must be seen from a holistic viewpoint and the extensive countrywide implications of such programmes must be recognized, as well as the fact that certain social groups tend more frequently to feel the negative impacts of adjustment than others. 99/

(a) The right to work 100/

129. The following are typical examples of the manner in which adjustment can harm the realization of the right to work in very general terms: 101/

(a) Extreme falls in wage levels, with corresponding declines in living standards;

(b) Increased levels of unemployment, particularly in the urban formal sector, and a corresponding increase in those employed in the informal sector;

(c) Restrictions placed upon the free-functioning of trade unions;

(d) Reductions in worker protection in terms of occupational health and safety standards;

(e) Limitations on the right to strike;

(f) The bargaining power of the industrial working class has been fundamentally weakened by the shrinking job market and the consequent threat of unemployment;

(g) The position of small farmers producing for the internal market may also have worsened;

(h) The restructuring of land ownership resulting from increased emphasis on export agriculture has created a process whereby rural workers and small farmers have lost their land to large corporations, not only agribusiness, but those controlled by industrial and banking groups as well. 102/

130. Some studies point to a loss of employment within the industrialized lender countries as a result of the developing world's debt, and the inability to pay in spite of adjustment. One calculation presented to the Joint Economic Committee of Congress in the United States revealed a loss of 800,000 jobs in the United States resulting from the Latin American debt crises alone. 103/

131. The policy of IMF concerning the labour market can clearly have an impact upon the realization of certain elements of the right to work. IMF has stated, for instance:

> "Another policy objective which has figured in some Fund supported programmes is the elimination of rigidities in the labour market, thereby making it more competitive and less prone to upward pressure in wages." 104/ (Emphasis added.)

132. Adjustment processes can be designed to protect employment, as well as generally enhancing the prospects for the realization of the right to work. UNICEF has suggested that temporary employment creation, public work schemes and the improvement of productivity of low income activities offer substantial potential for alleviating many of the employment-related shocks so frequently related to adjustment programmes. 105/

(b) The right to food 106/

133. Numerous sources indicate a global worsening of malnutrition levels, increased food costs, decreased food security, lower producer prices of food, and often drastic cuts in public food subsidies. The civil unrest which has so often accompanies the announcement of adjustment measures is commonly fomented by proposals to cut food subsidies. Families throughout the developing world are commonly forced by economic systems beyond their control to spend three quarters of their income on food. 107/

134. The adjustment process can affect the full realization of the right to food in a wide variety of ways: 108/

(a) A UNICEF study of 10 nations found that malnutrition had increased in eight of these countries; 109/

(b) Food subsidies and/or supplementary feeding have been radically reduced in numerous countries, in many of them as a direct result of adjustment measures, resulting in low birth weights and increased childhood malnutrition; 110/

(c) Capping or reducing food subsidies was part of about one third of 94 adjustment programmes supported by IMF during the mid 1980s; 111/

(d) The overall decline in household incomes and purchasing power, combined with increases in food prices and the overall consumer price index has had a marked impact upon access to adequate food supplies; 112/

(e) In 30 of 81 developing countries studied, the rate of food price inflation was greater than that of general price increases; 113/

(f) Overall food security has decreased in a large number of countries. According to one United Nations publication:

> "Undernutrition and food security are intimately linked with issues of poverty alleviation and human resources development ... Past developments have not been in the right direction. Reversals have not been uncommon, and the overall economic crisis and related structural adjustments have created an unfavourable environment for agricultural policies"; 114/

(g) Declines in food intake and/or availability have occured either on average or for the poorest 20 to 40 per cent of the population in many countries; 115/

(h) Price rises of agricultural products have harmed the rural poor because they are net purchasers of food. Price increases of nonagricultural products have wiped out agricultural profits. The only farmers who have benefited are producers of cash crops, mainly larger, more commercialized producers. For smaller producers price increases have clearly led to growing food insecurity. 116/

135. A variety of pronouncements have been made by United Nations agencies concerning the links between adjustment and nutritional status and food security. The Thirty-ninth World Health Assembly, in 1986, called upon member States to:

> "ensure, in cooperation with international financing institutions, that the health and nutritional status of the most disadvantaged social groups are protected when economic adjustment policies are designed and implemented". 117/

Similarly, the Sub-Committee on Nutrition of the Administrative Committee on Coordination (ACC) has noted that nutrition objectives for the poor (should) form an explicit part of adjustment policies and programmes of Governments and member organizations, including special compensatory measures where appropriate, with a view to providing an adequate level of nutrition for vulnerable groups. 118/

136. The policy options open to both Governments and the international financial institutions which can assist greatly in avoiding the negative effects of macroeconomic adjustment programmes are numerous. To cite but one of numerous views, Pinstrup Andersen suggests the following programme types for policy makers wishing to avoid or compensate for the negative nutrition effects of adjustment: income generating programmes; income transfer programmes; food price subsidies; food supplementation schemes; nutrition education schemes; and primary health care. 119/ Malnutrition, food insecurity, low birth weights and other tragic and preventable situations are clearly components or outcomes of adjustment the world can live without.

(c) The right to adequate housing 120/

137. One of the first areas affected by cuts in public expenditure during times of adjustment is housing. Although it is generally agreed that publically built (as opposed to publically financed) housing schemes in the developing countries have failed in fulfilling the needs of the most vulnerable, as well as overall demand, slashing public expenditure for housing, human settlements and related attributes such as infrastructure, water and sanitation facilities has a marked impact upon the numbers of people capable of enjoying housing rights. 121/ According to one United Nations document the "difficult economic situation in many countries in the 1980s resulted in a sharp decrease in resources for human settlements investment and related services". 122/

138. The right to adequate housing has been affected by adjustment in the following ways:

(a) Rent subsidies, measures of rent control and housing credits have steadily declined as private sector approaches gain favour;

(b) Public expenditure on housing has dropped sharply, as have credits for the construction of low-income housing; 123/

(c) Government investment in social attributes directly linked to the right to housing such as infrastructure, water and sanitation facilities and so forth has fallen sharply in most States;

(d) The greatly reduced purchasing power of poorer groups has diminished their capacity to pay for existing, let alone improved, housing; 124/

(e) The reduction in purchasing power combined with an increase in market-based private sector oriented housing policies, and the corresponding increases in land and housing prices, has led to a marked increase in the numbers of persons forcibly evicted from their homes in developing and developed countries alike; 125/

(f) The publication Housing and Economic Adjustment issued by the Department of International Economic and Social Affairs of the United Nations notes a wide variety of negative impacts of adjustment on housing, including: the growing inability of many lending systems to finance the housing needs of middle-income households has driven many of them into the informal housing market; the rising costs of land and building materials have made access to housing more difficult; the lack of foreign currency reserves and tightening world credit conditions have constrained the importation of building materials leading to domestic shortages, driving material prices up; high real interest rates, sharp devaluations and speculative land practices have decreased access to housing; and most of the population have seen the real costs of land, materials and dwelling rise as their real incomes fall. Higher housing costs have primarily affected individuals in the market for the first time for buying, building or renting residential premises. 126/

139. As was discussed in the first progress report of the Special Rapporteur, a greater focus and reliance upon housing as a human right could go some way in alleviating many of the negative impacts adjustment can and does have upon the realization of this norm. The conferral of legal security of tenure, targeted housing subsidies and investment in infrastructure and other services, the prohibition of evictions, the repeal of obstructive policies and laws hindering informal housing investment and improvement and a wide array of other approaches can be used to offset the harsher aspects of adjustment and can, if applied appropriately, lead to an overall improvement in the housing conditions of the poorer sections of society even during difficult economic times. 127/

(d) The right to health 128/

140. The primary focus on health and education within the overall development (and adjustment) framework has led to a far greater quantity of information becoming available on these two areas. One common theme of research in the area of health are the issues of choice and priority within the health sector. Should investment be directed at urban hospitals or primary health care? Should public expenditure focus on training doctors or health care workers? Is it more worthwhile and fair to prioritize preventive rather than curative medicine? Put simply, "the health status in a country is constrained far more by the nature and structure of social institutions, including health services, than by the lack of financial resources". 129/

141. In spite of this, overall levels of health have worsened during the 1980s in many settings, often because of the way in which adjustment measures were implemented. The health of the poor has suffered disproportionately. Some of the more predominant manifestations of the impact of adjustment on the right to health are:

(a) There has been a dramatic decline in health spending in more than three quarters of the States of Africa and Latin America; 130/

(b) Family planning services have been reduced severely;

(c) Basic medicines and drugs have become prohibitively expensive in many settings;

(d) Primary health care clinics in many countries have become unable to purchase even vaccines for immunization. Consequently, immunization coverage has been reduced in many places;

(e) Health spending in the least developed countries has fallen by more than 50 per cent during the 1980s; 131/

(f) Deterioration in health conditions has been facilitated by increased malnutrition and rising levels of infant mortality;

(g) "Hundreds of health clinics have been closed down and many which remain open are understaffed and lacking essential supplies", owing to budgetary considerations; 132/

(h) Decreased governmental expenditure on drinking water and environmental sanitation have led to a resurgence of communicable diseases such as cholera, hepatitis and typhoid;

(i) "Virtually all Governments have failed to ensure that rapid urban growth has been accompanied by investments in services, especially in poorer areas", leading to the estimate that "over 600 million people living in the urban areas of the Third World live in what might be termed life and health threatening homes and neighbourhoods. Perhaps as many have inadequate access to effective health care". 133/

142. Yet, as UNICEF and others have noted, "deterioration in health conditions of populations does not need to accompany economic recession and economic adjustment". 134/ Moreover, it must be recalled that "adequate food, clean water and safe sanitation are the three most powerful medicines in the world". 135/ Various suggestions have been offered regarding health priorities in adjustment policies, including: priorities for health activities need to be judged in relation to the health needs, health infrastructure and basic economic and social characteristics of each situation; a broad-based, long-term view of health strategies and infrastructures is needed; basic health care can be relatively low-cost; the basic components of a child survival and development strategy, while low-cost and simple, can often raise the quality of health programmes; and greater cost-effectiveness can be achieved by selective targeting. 136/ Above all, a focus on primary health care remains the best way to achieve the greatest health of the greatest number at the lowest cost and in the shortest time.

(e) The right to education 137/

143. Appropriate choices will also be required to be made in the field of education if the right to education is to become a reality for all social groups. Should Governments focus educational allocations on universities or on the goal of literacy and universal access to primary education for all?

Viewed through the lens of human rights, the answer is clear. Some of the broader implications for the right to education of adjustment are:

(a) Spending on education per head has declined 25 per cent during the 1980s in the least developed countries. In more than half of the 100 developing countries surveyed by UNESCO, expenditure per primary pupil is falling in real terms. For those nations, even the percentage of national budgets devoted to education has declined in the 1980s; 138/

(b) The number of 6-11 year-olds out of school has increased steadily, while enrolment rates have generally declined;

(c) Literacy rates have declined in some countries as public expenditure on primary education declines;

(d) School completion rates have also declined in a number of States, partly owing to increases in school fees, privatization of the educational system and children entering the labour market out of economic necessity;

(e) There are indications that the quality of education received by pupils has declined in line with public spending cuts, including lowering of teachers' salaries;

(f) Education spending per capita fell in 59 per cent of Latin American countries and in 33 per cent of African countries. 139/

144. The World Bank has shown comparatively strong concern for the problems encountered in the educational sphere. It has noted that:

> "There is evidence ... that in many countries the average dollar invested in primary education returns twice as much as one invested in higher education. Yet Governments ... heavily subsidize higher education at the expense of primary education ....
>
> "Even a small percentage decrease in unit costs of secondary and higher education could release addtional funds for providing basic education to more people. Moreover, countries that have budgets favouring secondary and higher education disproportionately ... can with some reallocation finance sizeable increases in enrolment at the elementary level." 140/

145. In regard to one country, the Bank has also noted that "the poor rely on public schools more than the non-poor. A poverty-focused strategy for the medium term should thus be one which is directed toward improving their performance rather than one of a shifting emphasis to the private sector". 141/

The right to development 142/

146. The United Nations Global Consultation on the Realization of the Right to Development as a Human Right noted the following obstacles to the implementation of the right to development:

> "32. Transfer of control of resources located in developing countries to interests in the developed countries, which intensified in the 1980s, is

> another obstacle to development. Similarly, the growing burden of indebtedness and structural adjustment falls heaviest on the poorest and weakest sectors of society and has clear human rights implications.
>
> "33. Failure to take into account the principles of the right to development in agreements between States and the World Bank, IMF and commercial banks with regard to external debt repayment and structural adjustment frustrates the realization of the right to development and of all human rights. The prevailing terms of trade, monetary policy, and certain conditions tied to bilateral and multilateral aid, which are all perpetuated by the non-democratic decision-making processes of international economic, financial and trade institutions, also frustrate the full realization of the right to development." 143/

147. One author has claimed that adjustment programmes violate the right to development in at least six ways: (1) when decisions are made to add to the financial burdens of citizens without consultation, human rights are clearly violated; (2) when people are made to suffer for crises they are not responsible for, human rights are violated; (3) when people are suffering from a disease they are not responsible for, it is bad enough. When they are made to suffer even more from the terrible consequences of a cure, that is insult added to injury and violates human rights; (4) when people are ignored and are not considered in the effort to solve external debt crises, it is an insult to them and violates human rights; (5) implementation of adjustment programmes without the knowledge, particiption and consent of the affected, especially if such programmes will entail much hardship and sacrifice is another form of human rights violation; and (6) even in countries which are supposedly democratic, cases of human rights violations have escalated with the implementation of adjustment programmes. The infliction of physical violence and the brutal repression of opposition to government policies on adjustment are outright violations of human rights. 144/

13. Regions and social groups worst affected by adjustment

148. Unquestionably, it is the countries of the South which have suffered and continue to suffer the vast majority of adjustment's most negative impacts. Africa, Latin America and to a lesser degree Asia bear the brunt of structural adjustment's more cruel dimensions. The contents of this study support this view fully. Many United Nations studies have put forward such assessments:

> "Much detailed study is required to assess the full impact of structural adjustment programmes in Africa. But the available data and emerging evidence strongly indicate that the effects on the well-being of the people have been devastating especially with regard to employment, incomes, food, nutrition, health and education." 145/

and

> "In recognition of their own limited options for development finance, the LDCs of Africa have had to implement painful measures of adjustment at great social and political cost. Such economies have been

> characterized by political instability because of the impact of the measures on the most vulnerable sections of the population. Furthermore, some countries have not received adequate external funding to support their programmes, partly because of the abandonment of programmes at midstream if the LDCs cannot meet IMF conditionalities .... The adjustment programmes of the IMF have tended to accentuate poverty and numbers of unemployed in the bulk of the African LDCs. An important component of these conventional programmes has been the elimination or reduction of subsidies. Low-income groups are usually hard hit by the removal of food subsidies because they spend a high proportion of their income on food." 146/

149. The above quotation is more or less representative of virtually all of the reports and publications examined by the Special Rapporteur concerning the effects of adjustment on African countries. However, a starkly different and arguably overly optimistic view of the situation is provided in a combined World Bank/UNDP document, in which it is claimed:

> "External factors may have been less hostile than supposed and less culpable in explaining the crisis ... programmes of economic reform and adjustment have helped African countries begin to improve their economic performance .... Recovery has begun ... a strategy of adjustment with growth is viable in Africa." 147/

150. The effects of adjustment upon the developing world are increasingly well known and evident. It remains crucial to search for sustainable, long-term solutions to the problems already identified, as well as others as they emerge. There is an obvious and pressing need for major changes in the current orientation, nature and general functioning of the global economy. The future does not look bright. According to the United Nations Overall Socio-economic Perspective of the World Economy to the Year 2000:

> "The overall economic prospects for developing countries in Africa and Latin America are unfavourable. Incomes are likely to grow very slowly, if at all, in those countries. Under these conditions, the incomes of the poor will not rise enough to eliminate poverty and under-nutrition." (p. 85)

151. Despite the massive problems in Latin America noted throughout this report, serious attention should be paid to the claim of the World Bank that:

> "Raising all the poor in the continent to just above the poverty line would cost only 0.7 per cent of regional GDP, the approximate equivalent of a 2 per cent income tax on the wealthiest fifth of the population." 148/

152. Of course, the adjustment process has not been restricted to the developing world alone. In the severe crisis currently impairing the economies of the previously centrally-planned States, their Governments are implementing their own adjustment measures, with accompanying mass

unemployment, rising prices for staple foods and housing, increasing insecurity and so forth. In this context, one statement helpfully provides that:

> "Economic restructuring in Europe should aim specifically to alleviate the plight of marginalized and disadvantaged groups such as the disabled, the aged, migrants and ethnic, linguistic and religious minorities. States should ensure the full participation of these groups in the economic, political and social spheres." 149/

153. The Conference on an All-European System of Human Rights Protection also noted:

> "The incidence of people living in conditions of absolute poverty in Europe is already very considerable and is certain to increase as Eastern European economies, in particular, undertake radical restructuring programmes. We believe that insufficient attention has, in the past, been given to this issue in the human rights context. In this connection we believe that human rights standards, including various civil rights such as the right to life, demand that every effort be made to ensure or provide at least a minimum subsistence level for every individual." 150/

154. In this context it is interesting to note the words of warning of John Kenneth Galbraith concerning the unfettered rush to capitalism by the States of Eastern Europe. The author suggests:

> "The economic system which Central and Eastern European countries see in the West and in Japan is not capitalism in its pristine and primitive form. It is a system deeply modified by ameliorating social services, by supported incomes and by public controls. It is by these that the system has survived ..." 151/

155. The economic policies of many industrialized States, while perhaps rarely called "adjustment", in fact resemble standard policies of adjustment advocated by IMF and World Bank. 152/ Cuts in public expenditure for most social services were common features of the economic landscape of the 1980s in developed States as well.

156. In addition to the regional impact of adjustment, the negative effects on certain population groups within countries must also be reiterated once again. When measures of adjustment are imposed upon a society, the shocks are felt throughout the nation. Clearly, however, certain groups suffer far greater from this "shock therapy" than others. This could raise issues of discrimination in the context of a broad, yet honest interpretation of this norm based on distinctions of social status and the like; particularly when a priori awareness exists that certain social groups are likely to suffer a disproportionate burden of adjustment. The poor, women and children continue to suffer the most, in spite of relatively recent efforts to "cushion" the impact of these measures.

The poor

157. While there has been an admirable and marked change in the extent to which poverty alleviation, targeted subsidies and safety nets are included in World Bank and to a lesser degree IMF structural adjustment agreements, the first adjustment programmes almost totally ignored the poverty implications. 153/ Recent evidence shows that poverty has not declined in absolute terms since the initiation of adjustment, and indeed in many cases has become worse. In the words of one writer:

> "It seems correct to conclude that, overall, prevailing adjustment programmes tend to increase aggregate poverty, or in other words the number of people and of children living below the poverty line." 154/

158. There has also been a substantial increase in rural poverty in Africa, accompanied by a more unequal distribution of wealth. 155/ An UNCTAD report finds that "the costs of recessionary adjustment and macroeconomic disorder in Africa and Latin America have fallen disproportionately on the poor". 156/ Similar views are given in a report by the Secretary-General:

> "The impact of government programmes as a whole, the system of taxation, subsidies and tax incentives, regulations, the 'inflation tax' has been biased against the poor". 157/

159. A recent IMF study on the implications of its programmes on poverty reaches similar conclusions vis-à-vis the urban poor, the rural poor and poor farmers. 158/ This IMF report recognizes that too often in recent years, it is the poorest segments of the population that have carried the heaviest burden of economic adjustment.

Children

160. Delaying a more equitable distribution of wealth and aiming to stimulate economic growth in the interests of economic stability and improving prospects for investment may seem reasonable to economists, yet have a devastating impact upon children, the effects of which may last a lifetime. Richard Jolly has stated to this effect:

> "Human capital is a more important factor for achieving economic growth than physical capital .... Investment in human capital in the form of nutrition, basic education, and health cannot be postponed; it either takes place at an appropriate age when the need is present or it does not. For the young child, there is no second chance. The underemphasized tragedy of the disinvestment in human capital in the 1980s is that the results will be carried forward in stunted bodies and deficient educations well into the twenty-first century." 159/

161. UNICEF has fully described the severe impact of adjustment on children. These views are now being taken seriously at all levels, and some of them transforming into concrete action. Whatever action is taken should, of course, be consistent with the norms found in the Convention on the Rights of the Child, which, if fully applied, could lead to measurable progress in protecting children from the fallout of adjustment. 160/ It is hoped that the

newly formed United Nations Committee on the Rights of the Child will devote due attention to the issues of structural adjustment within the framework of monitoring compliance with the legal obligations assumed by States parties to the Convention. In this context, the World Declaration on the Survival, Protection and Development of Children appropriately states:

> "In all of these efforts the fulfilment of the basic needs of children must receive high priority. Every possible opportunity should be explored to ensure that programmes benefiting children, women and other vulnerable groups are protected in times of structural adjustments and other economic restructuring." 161/

Women

162. Women and consequently the rights of women, have also suffered disproportionately from many adjustment measures even though the lack of emphasis on women's needs in the adjustment process has led to women being labelled unfortunately yet correctly the "invisible victims of the economic crisis". 162/ Evidence shows that in key respects women are more seriously and negatively affected than men by the ongoing economic deterioration in many countries. 163/ In simple, but truthful terms, the United Nations has described the current situation of women in the following manner:

> "Poor women have become poorer, more women are poor, and women are now poorer than men. Through their hard work they try to ensure the survival of the poorest segments of the population, but at great cost to themselves." 164/

In many instances, women play a major role in cushioning the adverse social impact of adjustment programmes by taking over many of the functions which are increasingly abandoned by the State.

163. Both rural and urban poor women appear to have been particularly hard hit by traditional adjustment processes. They must compensate for reductions in social services, while they themselves have limited economic opportunities. This increased labour time for women, both in and outside the home, has meant lack of time for political or social participation. Overwhelming evidence points in the direction of women having to face deterioration of health, well-being and general productivity as a direct result of inappropriately designed and flawed perspectives within and during the adjustment process. 165/

164. The United Nations Division for the Advancement of Women has carried out extensive research on the consequences of debt and adjustment for women. For instance:

> "Where there is a reduction in net income women make adjustment socially possible by increasing their own economic activity, by working harder or by participating in the labour market. The reorientation of production from subsistence to market farming has resulted in hunger and malnutrition, leading to ill-health. Women have joined the informal sector in order to maintain their families' standard of living creating

> a triple burden for women of official work, domestic work and survival strategies. Women are particularly affected by lowering of the quality of health services, since they require access to these services due to their reproductive role." 166/

165. Numerous recommendations have been put forward that seek to incorporate gender-specific elements into adjustment programmes. 167/ For example, it has been suggested that:

> "The formulation and implementation of adjustment policies should reflect a sensitivity to the gender dimension and seek to alleviate women's reproductive burdens while at the same time protecting or even enhancing women's productive potential by providing access to resources, income-generating assets, training, education and employment opportunities." 168/

The middle class and civil servants

166. The middle class is also affected during the adjustment process, particularly civil servants. Cuts in public spending often directly affect the jobs of huge numbers of those employed by the public sector. In some settings, the middle class, at least in terms of income and spending power, can suffer the greatest comparative burden and decline in living standards. 169/ As an UNRISD discussion paper has described it:

> "A process of polarization would seem to be visible not only within the upper classes of Latin America and Africa, but also within the middle classes and on a more general level within society at large. While the crisis provides extraordinary opportunities for a few, the level of living and status formerly associated with technical, professional or bureaucratic pursuits, as well as skilled labour, have been profoundly undermined ... a considerable segment of the middle class is being relatively impoverished." 170/

14. Adjustment, United Nations agencies and human rights bodies

167. As is reflected in this report, a wide range of United Nations agencies and programmes have addressed the human rights and social implications of structural adjustment programmes. While one might assume a more or less similar perspective or common approach, as has been repeatedly shown above this is clearly not the case. The views, for instance of UNICEF, UNCTAD, the Department of International Economic and Social Affairs and UNRISD differ in many respects from those of the World Bank, IMF and GATT (General Agreement on Tariffs and Trade). 171/

168. A unified approach to adjustment seems imperative if the negative impact of this process is to be mitigated. Substantial and concerted efforts should be made at all levels within the United Nations to find common ground regarding adjustment in general, and specifically the sustainable inclusion in structural adjustment programmes of poverty alleviation and other measures

aimed at protecting the vulnerable and disadvantaged, as well as the incorporation of human rights concerns in these programmes. As one author has appropriately noted:

> "If United Nations conventions and declarations are truly to be respected as a system of international law, then they must be equally binding on all parts of the United Nations administrative system. Guidelines for one programme cannot contradict the aims of other programmes; all directives should be read together and, as far as possible, reconciled." 172/

169. The Special Rapporteur supports this view. One method which could be used to a greater degree than at present towards achieving this aim, should consist of the sustainable incorporation of human rights concerns within and throughout the entire adjustment process. Of the human rights bodies, the United Nations Committee on Economic, Social and Cultural Rights has paid the greatest attention to these links thus far.

15. The United Nations Committee on Economic, Social and Cultural Rights

170. The United Nations Committee on Economic, Social and Cultural Rights has become increasingly concerned about the role of structural adjustment in many of the 97 States parties to the Covenant on Economic, Social and Cultural Rights and consequently the ability of States parties to fulfil their obligations under the Covenant.

171. The newly revised guidelines regarding the form and contents of reports to be submitted by States parties under articles 16 and 17 of the International Covenant on Economic, Social and Cultural Rights now oblige States parties to report on a variety of issues directly relevant to the adjustment process, including information on the functional distribution of income, balances of trade and payments and external debt. States are also now obliged to answer the query: "If your State participates in development cooperation, is any effort made to ensure that it is used, on a priority basis, to promote the realization of economic, social and cultural rights?". States parties will also be required to report on the existence and position of vulnerable or disadvantaged groups in terms of the various rights finding recognition in the Covenant. 173/

172. Under General Comment No. 2 (1990) "International technical assistance measures" (article 22 of the Covenant) the Committee states:

> "A matter which has been of particular concern to the Committee in the examination of the reports of States parties is the adverse impact of the debt burden and of the relevant adjustment measures on the enjoyment of economic, social and cultural rights in many countries. The Committee recognizes that adjustment programmes will often be unavoidable and that these will frequently involve a major element of austerity. Under such circumstances, however, endeavours to protect the most basic economic, social and cultural rights become more, rather than less, urgent. States parties to the Covenant, as well as relevant United Nations agencies, should thus make a particular effort to ensure that such protection is,

> to the maximum extent possible, built in to programmes and policies designed to promote adjustment. Such an approach, which is sometimes referred to as 'adjustment with a human face' or as promoting 'the human dimension of development' requires that the goal of protecting the rights of the poor and vulnerable should become a basic objective of economic adjustment. Similarly, international measures to deal with the debt crisis should take full account of the need to protect economic, social and cultural rights through, inter alia, international cooperation. In many situations, this might point to the need for major debt relief initiatives." 174/ (Emphasis added)

173. In the Committee's General Comment No. 3 "The Nature of States parties' obligations" (article 2 (1)), the following was included:

> "The Committee underlines the fact that even in times of severe resources constraints whether caused by a process of adjustment, of economic recession, or by other factors the vulnerable members of society can and indeed must be protected by the adoption of relatively low-cost targeted programmes." 175/

174. At the Committee's first five sessions, the issues relating to the fulfilment of the rights found in the Covenant and adjustment have been increasingly addressed. At its fifth and most recent session of the Committee the most extensive consideration of these issues so far took place. An increasing number of States appearing before the Committee sought to justify the non-fulfilment of their various obligations by placing blame upon the nature of structural adjustments they had been forced by circumstance to undertake, as well as the nature of the existing global economic order. In a way, while the negative impact of structural adjustment on the realization of economic, social and cultural rights certainly cannot be denied, the existence of such measures provides a convenient means of hiding from human rights obligations. The Committee has found this disarming approach increasingly prevalent, and in the context of one State, during its fifth session while taking note of the difficulties indicated, notably the foreign debt burden, it wished to draw attention to the obligations devolving upon States parties under the Covenant, whatever their level of development. 176/

175. The Special Rapporteur supports this view. However, responsibility for the economic malaise of the 1980s and the measures taken to rectify it cannot be attributed to one specific actor. Many entities are involved: the international financial institutions, other international organizations, national Governments, and so forth. As the world grows ever more intertwined and as economies continue to internationalize, appropriate measures must be taken at all levels to ensure the inclusion of human rights concerns into this process. Note should be taken of the following clause from the International Development Strategy for the Fourth United Nations Development Decade.

> "The Strategy should help provide an environment that supports the evolution everywhere of political systems based on consent and respect for human rights, as well as social and economic rights, and of systems of justice that protect all citizens." 177/

16. Privatization, the market, human rights and adjustment

176. If there is one predominant theme which runs through all adjustment programmes, it is the strong belief of those sponsoring the adjustment process that the State in question should give substantially greater control to the private sector. While privatization may affect many areas, its human rights implications, as well as its impact upon the provision of social services, are particularly interesting themes for analysis.

177. Privatization has been particularly advocated by the World Bank and IMF as a solution to the economic problems confronting Africa. However, while there is a need to streamline the often huge public sector, and to remove waste and inefficiency, there are increasing doubts as to the efficacy of privatization in this continent. Some studies point to difficulties in implementing such initiatives owing to the scarcity of private entrepreneurs with the capital and experience required to take over large enterprises, as well as the absence of organized equity markets. Additionally, conditions in many of the adjustment programmes discourage private investment. 178/

178. It seems fair to state that the "free market" has never had the capacity or capability of creating conditions wherein the economic, social and cultural rights of all citizens were met and fully realized. It is no accident that of the 14 developed countries for which there were data for 1987/88, only one spent less than 50 per cent of public expenditure on an array of socially oriented programmes and services. 179/ The market can assist in many ways with the ultimate realization of economic, social and cultural rights, but public intervention in the market will always be required. While issues relating to the size and precise role of government are becoming increasingly important, there is "no overwhelming tendency either among developed or developing countries for the size of government to fall over the decade of the 1980s. 180/

179. The role of government (both national and municipal) *vis à vis* the fulfilment of economic, social and cultural rights may have been increasingly reassessed during the 1980s, yet:

> "It is well accepted that there are some functions which Governments must do and others that it can do with much greater benefit to society than if non-government agencies were to undertake them. The provision and maintenance of infrastructure, the supply of merit goods and those others whose externalities are of significant importance, the regulation of the functioning of certain markets and financial institutions, the prevention of extreme concentration of ownership of wealth and the eradication of poverty are well within the compass of activities that Governments can pursue with profit to the economy." 181/

180. Ultimately, privatization does not remove the need for government intervention; it only changes the nature of this intervention. 182/ As UNICEF has noted:

> "As the continental shifts towards free market systems gather momentum, the experience of the 1980s also stands as a warning against allowing any

> economic ideology to obscure the human face of progress ... rising poverty has accompanied a decade of economic growth in several industrialized nations". 183/

Clearly, in the task of ensuring that people are able to meet their basic needs the role of the public sector has been and will continue to be essential.

181. In spite of these generally accepted views about the role and balance of government and the private sector, the World Bank, while accepting the role of each, clearly favours market approaches:

> "A root cause of weak economic performance in the past has been the failure of public institutions. Private sector initiative and market mechanisms are important, but they must go hand in hand with good governance, a public service that is efficient, a judicial system that is reliable, and an administration that is accountable to its public." 184/

182. No one argues that economic, social and cultural rights imply a "free lunch" for all. In theory and according to human rights law, all members of society have equal entitlement to the range of economic, social and cultural rights. Distinctions, however, are required between those who can fulfil their needs themselves and those who require some form of assistance. Problematically, it is often the poor themselves who must pay, both in relative and absolute terms, far more for basic goods and services than the middle or upper classes. This raises an issue of human rights:

> "Ironically, it is often the richer households and businesses in cities, not the poor, who are paying far less for the publically provided infrastructure and services they use than the real cost of their provision. One of the most important untapped sources of funds for government investment in infrastructure and services could come from charging the rich more realistic rates." 185/

183. The classic example is the costs associated with drinking water. Whereas those with access to running water in their homes often pay little or nothing for this service, the poor, homeless or inadequately housed are often forced to pay 10 times the price for water on the open market sometimes taking 5 to 10 per cent of their incomes, when clean, safe water could be provided at a fraction of the price. 186/ Needless to say, there is something wrong when those most capable of paying pay virtually nothing, while those least able to afford even the basic necessities of life are forced to spend disproportionately high amounts for something as vital as water.

184. With the onset of the process of privatization, "user charges" are often applied to goods that were previously subsidized, for example water, medical care, electricity, garbage services and so forth. On this issue, one author has argued that the replacement of public investment in basic social services by user charges "makes the realization of economic and social rights subject to the financial ability of each person, household or family, hence denying

their nature as human rights". 187/ In a similar manner, Cornia has noted at least three potentially regressive characteristics of user charges:

(1) It may lead to lesser use of services by vulnerable people;

(2) Experience in the health sector shows that the introduction of fees tends to discourage the utilization of preventive services in particular (prenatal care, immunization, etc.) for which patients may not see an immediate relevance; and

(3) For those who continue to use the service, the introduction of a charge will have a negative income effect which may adversely affect the household's ability to meet other basic needs. 188/

185. While the World Bank and IMF have consistently encouraged the use of user fees and more general notions of "cost recovery", there appears to be a slight movement towards utilizing user fees for a different set of ends. One World Bank study supports the imposition of user fees in the broader quest for improving the regional distribution of health care providers, leading to a system more equitable than prior to the user fee system. 189/

186. When measures designed to stimulate the private sector are put into place, what often occurs is the de facto relinquishment of what were previously State responsibilities. Even in cases where the State remains committed to at least aiming to guarantee the range of economic, social and cultural rights, it is unable to do so. A frequent result of this process, thus, is the shifting of responsibility from the State and onto either the private sector or community based or non-governmental organizations. While the private sector may be interested in filling some of the social holes left by retreating Governments, many are seen to be too unprofitable to be considered a "worthy investment". Two of the many problematic manifestations of this development are reflected in the following statements:

> "It is difficult to conceive of private companies helping to improve and extend piped water supplies, sewers, drains, roads and pavements as one package, especially to poorer households and poorly located residential areas. Private companies will always be reluctant to extend services to poorer areas especially if this requires a large investment.
>
> ...
>
> "In addition, the privatization of natural monopolies such as piped water, sewers, drains, presents Governments with special problems, since there is no competitive pressures to help keep down price and encourage improved quality." 190/

187. Such realities have affected many communities in the South. Where neither the State nor the private sector are able or willing to undertake action, voluntary groups are forced into the position of "service provider". This is in spite of the clear fact that human rights obligations continue to apply to States even when the prevailing state of the economy makes meeting these obligations extremely difficult. Situations such as these raise serious questions about the nature of structural adjustment, the nature of State

responsibility and, indeed, about the very nature of the State itself. Although an extremely piercing question, we must consider the viability of the modern nation State within the context of its clear failure in fulfilling economic, social and cultural rights. Might a new vision be required?

188. Among other agencies and commentators, the Department of International Economic and Social Affairs of the United Nations has provided interesting preliminary analyses concerning changing perceptions with regard to social development issues, including the role of the State. 191/ Is the current perception of State responsibility *vis-à-vis* the obligations associated with the realization of economic, social and cultural rights adequate when viewed in the light of the inability of virtually all States to fulfil these legal duties? Are States in fact as powerful and capable at the level of fulfilling economic, social and cultural rights as is generally assumed? Are perhaps "third parties" (for example non-State and non-market) better placed, more capable and responsive in creating conditions favourable to the fulfilment of these norms, particularly when contrasted to the often highly centralized nature of government? Might local and municipal governments be a more appropriate level at which the legal duties relating to the fulfilment of economic, social and cultural rights could be implemented? It is understood that they should be sufficiently supported by the national government and should be consistent with both the national constitution or any relevant international obligations possessed by the national government. 192/

189. The Special Rapporteur would appreciate being informed of the views of members of the Sub-Commission on these and other pertinent issues.

17. Indicators monitoring adjustment

190. Most of the indicators currently available for monitoring the impact of adjustment are insufficient, particularly when viewed from a human rights perspective. To cite but one example, according to UNDP:

> "Problems of data and methodology, however, have thus far been so severe as to preclude any systematic evaluation of the social impact of adjustment programmes. Even simple examinations of possible associations between adjustment and social outcomes are hampered by the dearth of time series data on social indicators." 193/

191. Another author has remarked that:

> "Adjustment measures should be scrutinized to evaluate their effects on poverty and employment. *Social indicators should be fully integrated in them and as vigorously monitored as, at present, every three months the economic criteria are being monitored*." 194/ (Emphasis added)

192. Moreover, for effective monitoring of the impact and effects of adjustment to be possible, as UNICEF has stated,

> "adjustment with a human face requires monitoring of human indicators and not simply of economic variables, nutrition as well as inflation, food intake as well as balance of payments, shortfalls in household income as well as government budget deficits". 195/

Late in 1990, the General Assembly called upon

> "appropriate organs, organization and bodies of the United Nations system to monitor and analyse further the relevant socio-economic indicators in order to assess closely the various socio-economic effects of the adjustment programmes". 196/

193. The Special Rapporteur supports this view and encourages the integration of social indicators into the structural adjustment process as a matter of urgency.

18. Summary of conclusions

194. The diverse issues explored in this study have only periodically been interspersed with concluding comments or similar remarks. What follows is therefore a summary of the main conclusions of this chapter, as well as more generally derived preliminary conclusions about the overall role and relationship between structural adjustment and the realization of economic, social and cultural rights.

195. Structural adjustment programmes continue to have a significant impact upon the overall realization of economic, social and cultural rights, both in terms of the ability of people to exercise these rights, and of the capability of Governments to fulfil and implement them. While significant and positive changes have taken place concerning the design and nature of adjustment, these have yet to result in a marked shift sufficient not only to protect fully the rights of the most vulnerable, but also actually to decrease levels of impoverishment. Human rights concerns continue to be conspicuously underestimated in the adjustment process.

196. While there appears to be relatively widespread agreement as to the necessity for adjustment, and whereas without adjustment the economic conditions of many countries might have become even worse, the process of adjustment itself has created additional dilemmas and problems, owing largely to the manner in which adjustment has been carried out, the orientation such programmes have taken and the insufficient attention paid to vulnerable groups during the adjustment process. In many instances, the problems created by adjustment were as severe, if not more so, than the conditions precipitating such measures. Adjustment, although called "structural", rarely addresses the true structural and international nature of the causes leading up to these measures.

197. There is little evidence pointing to the adjustment process actually being overtly successful in achieving its aims, let alone in addressing the needs of the most vulnerable.

198. A wide range of United Nations agencies and other institutions have focused attention upon the negative side effects of adjustment. Many of them have advocated more appropriate, sustainable and fair formulations of economic adjustment. At the same time, the prevailing reality is not one of a unified approach to adjustment. There are perhaps few issues drawing attention from within the United Nations where the gap in vision is as large as it is with structural adjustment.

199. A number of selected economic, social and cultural rights have been shown to have been negatively affected by the adjustment process, including the right to work, food, housing, health, education and development. Certain civil and political rights appear to have been affected as well.

200. The adjustment process has adversely affected the poor, women, and children, as well as the developing countries, in particular in sub-Saharan Africa and Latin America. Adjustment has also affected the middle class, in addition to the once centrally-planned economies.

201. However, as has been amply demonstrated both in theory and practice, adjustment need not invariably result in decreased respect for economic, social and cultural rights. On the contrary, the adjustment process can, if carried out carefully and with the proper foundations, create economic conditions whereby growth and the protection of vulnerable and disadvantaged groups are promoted. The process of adjustment need not amount to "shock therapy", but can in fact have a "human face". Adjustment can be utilized as an opportunity for redressing social imbalances and reviving emphasis on economic, social and cultural rights, as much as it is now used to restore economic growth. This process remains an issue of conscious choice.

202. A variety of positive trends and developments have occurred during the past few years concerning the adjustment process. The prevailing views of adjustment have altered markedly. Both the World Bank and to a lesser degree IMF have begun incorporating changes into their visions of adjustment. Poverty alleviation, social safety nets and the like are becoming more common within their programmes. However, available evidence indicates that these measures remain too limited in scope, and inadequate in terms of actually redressing disturbingly high social imbalances and other such problems.

203. Greater potential for utilizing the adjustment process as a means for creating greater social equality, alleviating poverty, and generally protecting vulnerable groups could emerge were the international financial institutions to incorporate human rights concerns into their working methods, policies, perspectives and projects. By practically ignoring the human rights implications of their work, these institutions not only contravene what are arguably their own institutional duties under international law, but also probably limit their effectiveness.

204. A range of international pronouncements, human rights instruments and resolutions address the theme of adjustment and additional related issues in a manner which, if taken seriously, could result in mitigating the more negative effects of adjustment. There is a measurable increase in the attention paid to adjustment by a variety of human rights bodies within the United Nations, in particular, the United Nations Committee on Economic, Social and Cultural Rights.

205. Measuring the precise social impacts of adjustment upon vulnerable, disadvantaged and other groups remains problematic, largely owing to the absence of indicators measuring such phenomena.

206. UNICEF has consistently promoted the "principle of first call" and the general notion of "doing the obvious" on behalf of the children of the world; the time has surely arrived for the same principles to be applied to the overall, global and sustainable realization of the spectrum of economic, social and cultural rights. This will, of course, require the sustained and full commitment of the entire international community, and the emergence of new forms of international cooperation, and above all global solidarity. The growing internationalization of the world provides an imperfect, yet encouraging stage upon which to place "all of the world's available resources" towards achieving the sustainable and realistic goal of economic, social and cultural rights for all.

Notes

1/ E/CN.4/Sub.2.1989/19, pp. 15-19. The themes involved with structural adjustment are extremely broad and diverse, and thus a full coverage of this topic at this stage is impossible. Nevertheless, in preparing this section of the report, the Special Rapporteur consulted well over 100 publications, documents and other literature, as well as holding meetings with a variety of organs directly involved in the adjustment process.

2/ The Special Rapporteur has had direct contacts with a number of United Nations agencies and bodies not generally, at least in explicit terms, involved in the domain of human rights. These include, but are not limited to: IMF, the World Bank, UNICEF, UNRISD and the Committee on Development Planning (CDP). The first progress report of the Special Rapporteur has received attention from a number of additional agencies including the United Nations Centre for Human Settlements and others.

3/ Some interesting preliminary work has been carried out with the aim of giving greater substance to the term "maximum of its available resources" (art. 2 (1) of the Covenant on Economic, Social and Cultural Rights) which suggests, *inter alia*, that "per capita national government revenue better describes the Government's *capacity* to affect human rights conditions". This analysis continues providing that "National tax effort can thus reflect overall State strength or the degree to which the State can control the activities of its population ... Substantively, the analysis indicates that performance on human rights conditions is associated with national government revenue to a greater degree than gross economic resources. This applies particularly to socio-economic rights ... it suggests that increasing national government revenue may go a long way in improving human rights conditions ... given an awareness of the positive impact of government revenue on human rights conditions, it could be used to inform internal budgeting, foreign assistance and international aid processes and priorities, potentially resulting in improved human rights conditions. See Pritchard, Kathleen, "Human Rights and Development: Theory and Data" in *Human Rights and Development: International Views* (David Forsythe, ed.), Macmillan, London, 1989, pp. 329-345.

4/ For instance, in the Committee's General Comment No. 2 (international technical assistance measures, art. 22 of the Covenant), we find, inter alia:

> "2. Recommendations in accordance with article 22 may be made to any organs of the United Nations, their subsidiary organs and specialized agencies concerned with furnishing technical assistance ... It would therefore be appropriate for recommendations in accordance with article 22 to be addressed, inter alia, to ... agencies such as the World bank and IMF ...
>
> "6. ... the international agencies should scrupulously avoid involvement in projects which, for example, involve the use of forced labour in contravention of international standards, or promote or reinforce discrimination against individuals or groups contrary to the provisions of the Covenant, or involve large-scale evictions or displacement of persons without the provision of all appropriate protection and compensation. In positive terms, it means that, wherever possible, the agencies should act as advocates of projects and approaches which contribute not only to economic growth or other broadly-defined objectives, but also to enhanced enjoyment of the full range of human rights. (E/C.12/1990/3, pp. 86-89)."

5/ On this issue, see, inter alia, Paul, James C.N. "International development agencies, human rights and humane development projects" in Alternatives, XIV (1989), pp. 77-106; Tomasevski, Katarina "The World Bank and human rights" in Human Rights in Developing Countries 1989, N.P. Engel Pub., 1989, pp. 74-102.

6/ This would be particularly true, for instance, when Bank policy or project lending actively supports schemes whereby people are forcibly resettled to make space for large-scale development projects, especially dam projects. The Bank refers to this practice as "involuntary resettlement", acknowledging that damage is done during this process, but not that this act amounts to a human rights problem. One Bank publication, by way of example, states self-assuredly that "involuntary resettlement is often an unavoidable aspect of many urban development projects and the volume of people who must be displaced in the name of progress is sure to grow as the world's urban populations increase". (Emphasis added) (World Bank, "Coping with involuntary resettlement", in Urban Edge, vol. 13, No. 2 (March 1989), p. 6).

7/ According to one of the authors on the subject: (1) the Bank can offer assistance for specific types of development projects aimed at realizing the human rights of specifically disadvantaged groups such as tribal communities, subsistence farmers and fishermen, and rural and urban women; (2) the Bank can adopt policies to promote greater human rights compliance within conventional categories of development projects such as large-scale irrigation, electrification or infrastructure building projects; (3) the Bank can use its leverage to threaten to discontinue funding for projects in the implementation of which gross human rights violations have occurred; (4) the Bank could build into the design of projects specific human rights goals such as redistribution, or non-discrimination; and (5) in extreme cases the Bank could cut off its development assistance. (Diaz, C. "Influencing the Policies of the World Bank and the International Monetary Fund" in Human Rights in Domestic Law and Development Assistance Policies of the Nordic Countries, Nijhoff, 1989, pp. 53-68.

8/ See, for instance, World Bank *World Development Report 1990*, Oxford, 1990; UNICEF, *The State of the World's Children 1990*; *People and the Debt Crisis - The Challenge for NGOs* (Final Report of a conference organized by the Special NGO Committee on Development, Geneva, 27-29 November 1989).

9/ Ghai and Hewitt de Alcantara, "The Crisis of the 1980s in Africa, Latin America and the Caribbean: Economic impact, social change and political implications", UNRISD Discussion Paper No. 7, January 1990; and UNICEF, *The State of the World's Children 1990*, Oxford, 1990, p. 8.

10/ Albanez, Bustelo, Cornia and Jespersen, "Economic Decline and Child Survival: The Plight of Latin America in the Eighties", UNICEF, March 1989.

11/ UNICEF, *Adjustment With A Human Face: Protecting the Vulnerable and Promoting Growth*, Oxford, 1987, p. 12.

12/ Ibid.

13/ Ibid. p. i.

14/ UNDP, *Human Development Report 1990*, Oxford, 1990, p. 79; and *Adjustment With A Human Face*, p. 30. During the United Nations Conference on the Least Developed Countries, held in Paris in September 1990, the United States refused to commit itself to providing greater assistance to the LDCs. (See "VS zien extra hulp ontwikkelingslanden helemaal niet zitten" in *de Volkskrant*, 13 September 1990.

15/ See, *inter alia*, "External debt crisis and development: Note by the Secretary-General" (A/45/380) and supra, *People and the Debt Crisis-Challenge for NGOs*. See also "Latin debt, continued" in *International Herald Tribune*, 11 December 1990.

16/ Ibid.

17/ "Echoes of the 1930s" in *The Economist*, 5 January 1991.

18/ United Nations (Department of International Economic and Social Affairs), *1989 Report on the World Social Situation*, New York, 1989, p. 37; and United Nations, *Debt: A Crisis for Development*, United Nations Department of Public Information, March 1990, p. 2.

19/ United Nations document A/45/380, p. 10.

20/ ACC Task Force on Long-Term Development Objectives, "Report of the Inter-Agency Technical Working Group on its fifteenth session", 6 February 1991, p. 25.

21/ UNCTAD, *Trade and Development Report 1990*.

22/ "Main research findings of the system in major global economic and social trends, policies and emerging issues: Report of the Secretary-General" (E/1990/81), 14 June 1990, p. 16.

23/ Supra, Adjustment With A Human Face, p. 27.

24/ International Development Strategy for the Fourth United Nations Development Decade (1991-2000) (A/45/849/Add.2), 14 December 1990, p. 3. See also Overall Socio-Economic Perspective of the World Economy to the Year 2000, (ST/ESA/215).

25/ World Bank, Sub-Saharan Africa: From Crisis to Sustainable Growth, A Long-term Perspective Study, World Bank, Washington D.C., 1989, p. 3.

26/ Supra, Adjustment With A Human Face (vol. 2), p. 2.

27/ See George, Susan, A Fate Worse Than Debt, Pelican Books, 1988.

28/ Ibid.

29/ Ganji, M., The Realization of Economic, Social and Cultural Rights: Problems, Policies, Progress, United Nations, New York, 1975, p. 293.

30/ The New International Economic Order and the Promotion of Human Rights, Study prepared by Raul Ferrero (E/CN.4/Sub.2/1983/24/Rev.1), United Nations publication, Sales No. E.85.XIV.6.

31/ Jolly, Richard "Poverty and Adjustment in the 1990s" in Strengthening the Poor: What Have We Learned?, Transaction Books, 1988, pp. 162-175.

32/ Statement by the Managing Director of IMF, as quoted in Adjustment With A Human Face, p. 2.

33/ According to the United Nations Department of International Economic and Social Affairs "Sustainable development does not imply a cessation of economic growth, but rather a recognition that the problems of poverty and underdevelopment and related environmental problems cannot be solved without vigorous economic growth. However, it will also require changes in current patterns of growth to make them less resource and energy intensive and more equitable. Growth derived from rapid resource depletion is neither ecologically nor economically sustainable" (from: Overall Socio-Economic Perspective of the World Economy to the Year 2000, p. 10 (ST/ESA/215). For the IMF view of growth, see the statement by the Managing Director of IMF to ECOSOC (11 July 1990).

34/ Mitlin and Satterthwaite, "Sustainable development and cities: A framework for discussing the relationship between cities and sustainable development" (paper presented to A Global NGO Forum sponsored by Habitat International Coalition entitled "How Common is Our Future?" 4-7 March 1991, Mexico City).

35/ Our Common Future, Oxford, 1987, p. 43.

36/ Supra, Adjustment with a Human Face, p. xviii.

37/ Of course, each international financial institution can have an impact upon issues relevant to adjustment. In addition to the Bank and the Fund, institutions such as OECD, the International Development Association (IDA), the International Finance Corporation (IFC), the Paris Club (official creditors), the London Club (commercial creditor banks), G7 and others should be kept in mind. For a broad-based description and analysis of the international financial institutions, see Bakker, A.F.P., De internationale financiele instellingen, Amsterdam, 1990.

38/ Petersmann, H.G. "Financial assistance to developing countries: The changing role of the World Bank and IMF", Memoire, Geneve, 1988, p. 49.

39/ Mosley, P. and Toye, J. "The design of structural adjustment programmes" in Development Policy Review, vol. 6, 1988, pp. 395-413.

40/ Bank Information Centre, Funding Ecological and Social Destruction: The World Bank and the International Monetary Fund, 1990, p. 6.

41/ Supra, A Fate Worse Than Debt, p. 53.

42/ Our Common Future, pp. 337-338.

43/ "World Bank to lend $24 billion this year" in International Herald Tribune.

44/ Supra, Funding Ecological and Social Destruction, p. 1.

45/ Supra, Adjustment With A Human Face, p. 12.

46/ Ibid.

47/ Briones, Leonor M. "The impact of external debt and adjustment policies on the realization of the right to development as a human right" (paper submitted to the United Nations Global Consultation on the Realization of the Right to Development as a Human Right", 8-12 January 1990, p. 5).

48/ Supra, Adjustment With A Human Face, pp. 50-51.

49/ Supra, A Fate Worse Than Debt, p. 51.

50/ Altmann, Jorn, "IMF conditionality: The wrong party pays the bill" in Intereconomics May/June 1990, p. 122.

51/ Kanbur, Ravi Poverty and the Social Dimensions of Structural Adjustment in Côte d'Ivoire, (Social Dimensions of Adjustment in Sub-Saharan Africa, Policy Analysis), World Bank, Washington D.C., 1990.

52/ Ibid., p. 46.

53/ Malima, Kighoma, "The imperative of reform" in Banking on Poverty: The Global Impact of the IMF and the World Bank, (Jill Torrie, ed), Between the Lines Press, 1983, p. 294.

54/ ifda dossier, No. 70 (October/December 1990), p. 86.

55/ Conversation between the Secretary of the Committee on Development Planning, Mr. Kenneth Ruffing, and the Special Rapporteur, 14 January 1991.

56/ Denters, E. "Minder defensieuitgaven als conditie van het IMF" in Internationale Spectator, June 1990.

57/ See, for instance, Human Rights in Domestic Law and Development Assistance Policies of the Nordic Countries (Rehof and Gulmann, eds.), Martinus Nijhoff Publishers, 1989.

58/ The "Note on international development assistance" (Een Wereld van Verschil: Nieuwe Kaders Voor Ontwikkelingssamenwerking in de Jaren Negentig), of the Netherlands Government, by way of example, addresses precisely this issue throughout its text.

59/ See, for instance, Bank Information Center, Funding Ecological and Social Destruction: The World Bank and International Monetary Fund, Washington, 1990 and UNICEF, State of the World's Children 1990.

60/ United Nations Department of International Social and Economic Affairs, 1989 Report on the World Social Situation, p. 69.

61/ "Study on the economic and social consequences of the arms race and military expenditures" (A/43/368), annex.

62/ Chapelier, G. and Tabatabai, H. Development and Adjustment: Stabilization, Structural Adjustment and UNDP Policy (UNDP Policy Discussion Paper), 1989, p. 44.

63/ Kotari, Miloon "The living environment" in Seminar, December 1990 (376) and "Natural resources and rural communities: A housing rights perspective", 1990.

64/ Bank Information Center, Funding Ecological and Social Destruction: The World Bank and International Monetary Fund, Washington D.C., 1990, p. 1.

65/ United Nations Debt: A crisis for development, Department of Public Information, March 1990, p. 3.

66/ "Main research findings of the system in major global economic and social trends, policies and emerging issues": Report of the Secretary-General (E/1990/81), 14 June 1990, pp. 15 and 16.

67/ UNCTAD, The Least Developed Countries 1989 Report: Highlights, United Nations, New York, 1990, p. 5.

68/ Adjustment with a Human Face (vol. 2).

69/ Chapelier, G. and Tabatabai, H. Development and Adjustment: Stabilization, Structural Adjustment and UNDP Policy (UNDP Policy Discussion Paper), New York, 1989, p. 24.

70/ See Supra, Funding Ecological and Social Destruction, (p. 731) for case studies of the effects of adjustment in Bolivia, Brazil, Costa Rica, Ghana, Jamaica, India, Indonesia and Sudan. Several countries appear and reappear in Bank and IMF documents purporting that adjustment, if carried out according to the conditionalities laid down by these institutions, actually can be successful. Ghana, the Republic of Korea and several other countries dominate their analyses. Other studies of these countries, however, allege that numerous other factors have contributed to a much greater degree to the "success" of these economies in coping with adjustment than solely adjustment measures themselves.

71/ World Bank (External Affairs Unit, Africa Region), Africa Update, 1989/90, p. 1.

72/ Supra, Adjustment with a Human Face, pp. 124-127.

73/ World Bank, World Development Report 1990, p. 103.

74/ Supra, Adjustment With A Human Face, p. 3.

75/ Edward Joycox of the World Bank quoted in Debit Debate, International Coalition for Development Action, Brussels, April 1988.

76/ Supra, State of the World's Children 1990, p. 57.

77/ World Bank, Sub-Saharan Africa: From Crisis to Sustainable Development, A Long-term Perspective Study, Washington D.C., 1989, p. xi and pp. 13 and 14.

78/ Supra, Africa Update.

79/ Ibid., p. 188.

80/ The Social Dimensions of Adjustment in Africa: A Policy Agenda, (African Development Bank, UNDP and the World Bank), 1990, p. 23.

81/ See, for instance, African Development Bank, UNDP and the World Bank, The Social Dimensions of Adjustment in Africa: A Policy Agenda, Washington D.C., 1990; World Bank and UNDP, Africa's Adjustment and Growth in the 1980s, Washington D.C., 1989; Serageldin, Ismail Poverty, Adjustment, and Growth in Africa, World Bank, Washington D.C., 1989.

82/ ECA, "The critical social situation in Africa", annex to the 1989 Report on the World Social Situation (ECA/SERPD/SPPR4/88/1), December 1988.

83/ A World Bank publication by Ismail Sergeldin, *Poverty, Adjustment and Growth in Africa* (1989) outlines the manner in which the Bank claims to be confronting the critical situation of deteriorating living standards throughout sub-Saharan Africa: (a) increasing its efforts in sector lending in education; (b) increasing its support for projects and project components that address basic needs; (c) focusing the attention of decision-makers on these issues; (d) channelling aid away from high-profile, equipment-intensive projects; (e) seeking to protect basic social services from budget cuts; and (f) ensuring that these issues are addressed at the time of designing structural adjustment programmes (p. 20). See also "World Bank activities in the least developed countries", contribution by the World Bank to the Second United Nations Conference on the Least Developed Countries (A/CONF.147/PC/3/Add.1); and Joint Ministerial Committee of the Boards of Governors of the World Bank and IMF on the Transfer of Real Resources to Developing Countries (Development Committee), *Strengthening Efforts to Reduce Poverty*, Washington, D.C., 1989.

84/ Bank Information Center, *Funding Ecological and Social Destruction: The World Bank and International Monetary Fund*, Washington, D.C., 1990, p. 6.

85/ International Monetary Fund, *IMF Survey*, 12 November 1990, p. 341.

86/ Statement by the Managing Director of IMF to ECOSOC (11 July 1990). He suggests that financing safety nets and the like could be achieved by (a) increasing the taxes paid by the richer part of the population and (b) sacrificing unproductive expenditures ... "must Africa really continue to devote more than 5 per cent of its GDP to military and national security spending? Obviously not" (p. 5).

87/ *State of the World's Children 1990*, p. 63.

88/ Supra, *Development and Adjustment* (UNDP Discussion Paper), p. 47.

89/ *State of the World's Children 1990*, p. 10.

90/ Miller, Morris "Resolving the global debt crisis" (UNDP Policy Discussion Paper), UNDP, New York, 1989 (annex 1 contains "proposals for debt restructuring and debt relief: An overview", while annex 2 provides a lengthy listing of numerous "Debt crisis proposals" (pp. 118-144).

91/ George, Susan *A Fate Worse Than Debt*, pp. 229-254. The 3D Solution refers to Debt, Development and Democracy.

92/ United Nations Economic Commission for Africa, "African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAFSAP)", document E/ECA/CM.15/6/Rev.3, 1989.

93/ Adopted on 21 December 1990 (71st plenary meeting). See also resolutions: 45/192 "Net transfer of resources between developing countries and developed countries"; 45/206 "Implementation of the Programme of Action for the Least Developed Countries for the 1990s"; and 45/213 "International cooperation for the eradication of poverty in the developing countries".

94/ Resolution 1989/21 "Foreign debt, economic adjustment policies and their effects on the enjoyment of human rights" (Sub-Commission, forty-first session), E/CN.4/Sub.2/1989/58, pp. 39-40. See also Resolution 1990/24 of the Commission on Human Rights, "Effects on the full enjoyment of human rights of the economic adjustment policies arising from foreign debt, and, in particular, on the implementation of the Declaration on the Right to Development".

95/ Tomasevski, Katarina "The World Bank and Human Rights" in Human Rights in Developing Countries 1989, N.P. Engel Pub., 1989, pp. 75-102.

96/ Supra, Adjustment With A Human Face, p. 77.

97/ Supra, Ghai and Hewitt de Alcantara, "The Crisis in the 1980s ...", p. 26.

98/ "The Limburg Principles on the Implementation of the International Covenant on Economic, Social and Cultural Rights" resultant from a symposium convened by the International Commission of Jurists (ICJ), the Faculty of Law of the University of Limburg and the Urban Morgan Institute for Human Rights, in Human Rights Quarterly, vol 9, No. 2 (May 1987), pp. 122-135.

99/ Social Impact of Economic Crisis and Adjustment, Zed Books, London, 1991.

100/ For literature concerning the right to work see United Nations, document E/C.12/1989/L.3, pp. 18-23 (a detailed bibliography devoted to available sources on this right).

101/ ILO has steadily increased its attention to the impacts of adjustment on employment. In 1986 ILO held an expert group meeting, resulting in the document "Stabilization, adjustment and poverty" (1986). Additionally, ILO sponsored a high-level meeting on employment and structural adjustment during the late 1980s.

102/ See, for instance, Streeten, P. "Stabilization and adjustment" in Labour and Society, vol. 13, No. 1, January 1988.

103/ Debt Crisis Network, From Debt to Development, IPS, Washington, D.C., 1986, p. 13.

104/ IMF Note, "Development of Private Entrepreneurship in Fund-Supported Programs".

105/ Supra, Adjustment With A Human Face (Chap. 10, "Supporting Productive Employment Among Vulnerable Groups", by Frances Stewart, p. 197).

106/ On the right to food, see, inter alia, "Report on the right to adequate food as a human right", submitted by Asbjorn Eide, Special Rapporteur (E/CN.4/Sub.2/1987/23); Robertson, Robert E. "The Right to Food - Canada's Broken Covenant" in Canadian Human Rights Yearbook (1989-1990) pp. 185-216; Alston, Philip "International law and the human right to food" in The Right to Food, Nijhoff, 1984.

107/ FAO, "Effects of stabilization and structural adjustment programmes on food security", FAO Economic and Social Development Paper No. 89 (1989).

108/ James Paul has suggested denials of the right to food can result from a combination of manmade practices, such as: (a) the degradation of physical environments; (b) the withdrawal of fertile land from production of basic food crops; (c) population increases and shifts; (d) poorly planned resettlement schemes; (e) neglect of smallholders and subversion of indigenous subsistence agriculture and indigenous food systems; (f) neglect of infrastructure for local food storage and distribution and effective working of rural food systems; (g) unfair terms of trade and discriminatory subsidies which deter production of surpluses or distort their distribution; (h) lack of research, credit, extension and inputs directed towards self-provisioning farmers; and (i) discrimination and neglect of women farmers. (From: "International development agencies, human rights and humane development projects" in Alternatives, XIV (1989), p. 87).

109/ Supra, Adjustment With A Human Face (vol. 2).

110/ Ibid., p. 25.

111/ IMF, International Financial Statistics Yearbook, 1985, IMF, Washington, D.C.

112/ Supra, Adjustment With A Human Face, p. 67.

113/ Supra, 1989 Report on the World Social Situation, p. 32.

114/ Supra, Overall Socio-Economic Perspective of the World Economy to the Year 2000, p. 8.

115/ Supra, Adjustment With A Human Face, p. 28.

116/ See, for instance, Bakels, T. and Klaasse Bos, A. "Belooft structurele aanpassing in Africa ook voedselzekerheid?" in Internationale Spectator, June 1990; Bergen Symposium, "The social and political context of structural adjustment in Sub-Saharan Africa", October 1990; Betz, J. "The social effects of adjustment policy in LDCs" in Intereconomics, May/June 1990; Dijkman, H and Kortekaas, C. "Afrika en het IMF" in Internationale Spectator, July 1988; "EEC Dossier Structural Adjustment" in The Courier, No. 111, Sept/Oct 1988; and Morna, C.L. "Surviving structural adjustment" in Africa Report, Sept/Oct 1989.

117/ Resolution WHA.39.22 of 16 May 1986, para. (4).

118/ ACC Sub-Committee on Nutrition (April 1986).

119/ Pinstrup Andersen, Per, "Nutrition interventions" in Adjustment With A Human face, pp. 241-256.

120/ See paras. 108-120 of the first progress report of the Special Rapporteur which dealt with the right to adequate housing (E/CN.4/Sub.2/1990/19). See also Leckie, Scott "Housing Rights in the 1990s" in Cities (February 1991), pp. 33-37.

121/ Mario Lungo and Nancy Piedra, "Politicas habitacionales y readjuste de las economias centroamericanas en los anos 80", November 1990.

122/ Supra, E/1990/81, 14 June 1990, p. 23.

123/ Instituto para el Desarrolla Economico y Social de America Central (IDESAC), Informe del Seminario: "Politicas Habitacionales Y Readjustes Estructurales De Las Economias En Los Anos 80", December 1990.

124/ Hardoy, Cairncross and Satterthwaite, The Poor Die Young: Housing and Health in Third World Cities, Earthscan Publications Ltd., 1990, p. 8.

125/ Leckie, Scott, When Push Comes to Shove: Forced Evictions, Housing Rights and the Law, Netherlands Ministry of Housing (VROM), August 1991; and Habitat International Coalition "Forced evictions: The global violation" (dossier on evictions distributed during the forty-second session of the Sub-Commission). See also: Hardoy and Satterthwaite, Squatter Citizen: Life in the Urban Third World, Earthscan Publications, London, 1989; Murphy, Denis, A Decent Place to Live: Urban Poor in Asia, Asian Coalition for Housing Rights, Bangkok, 1990.

126/ Dept. of International Economic and Social Affairs, Housing and Economic Adjustment, 1988, pp. 4 and 14.

127/ See document E/CN.4/Sub.2/1990/19 (paras. 108-120) on the right to adequate housing. For expanded analyses of these themes see, for instance, National Campaign for Housing Rights (NCHR), "Towards a people's bill of housing rights", July 1990, Calcutta; and Institute for Policy Studies Working Group on Housing (with Dick Cluster), The Right to Housing: A Blueprint for Housing the Nation, IPS, 1989.

128/ For an in-depth coverage of the right to health in the States of which the Organization of American States is comprised, see Pan American Health Organization, The Right to Health in the Americas: A Comparative Constitutional Study, (Fuenzalida and Scholle Conner, eds.), Washington, D.C., 1989. See also, supra, document E/C.12/1989/L.3, pp. 34-38 on the right to health.

129/ Preston, S.H., "Morbidity and development", in Population Bulletin of the UNECWA, vol. 15, 1978, pp. 63-78.

130/ Supra, The State of the World's Children 1990, p. 8.

131/ UNDP, Human Development Report 1990, Oxford, p. 79.

132/ Supra, The State of the World's Children 1990, p. 67.

133/ Supra, *The Poor Die Young: Housing and Health in Third World Cities*, p. 9.

134/ Supra, *Adjustment With A Human Face*, p. 218.

135/ Supra, *The State of the World's Children 1990*, p. 37.

136/ Supra, *Adjustment With A Human Face*, (Chap. 11, "Health policy and programme options: Compensating for the negative effects of economic adjustment", by W. Henry Mosley and Richard Jolly), pp. 218-231.

137/ Supra, document E/C.12/1989/L.3, pp. 41-45, on literature concerning the right to education.

138/ Berstecher, Dieter, *The Educational Fall-out of Adjustment*, UNESCO, Paris, 1988.

139/ Supra, *Adjustment With A Human Face*, p. 77.

140/ Psacharopoulos, George, *The Contribution of Education to Economic Growth: International Comparisons*, World Bank Reprint Series No. 320, World Bank, Washington D.C., 1990.

141/ Kanbur, Ravi, *Poverty and the Social Dimensions of Structural Adjustment in Côte d'Ivoire*, World Bank, Washington, D.C., 1990, p. 25.

142/ See, *inter alia*, van Boven, Theo, "Human rights and development: The United Nations experience" in *Human Rights and Development* (David Forsythe, ed.), Macmillan, London, 1989.

143/ United Nations document E/CN.4/1990/9 (Part III), p. 67.

144/ Supra, Briones, p. 89.

145/ Supra, *1989 Report on the World Social Situation*, (pp. 115-124 specifically concerning the "impact of stabilization and structural adjustment programmes" in Africa). For a different view of the effects of adjustment in Africa, see World Bank and UNDP, *Africa's Adjustment and Growth in the 1980s*, World Bank, 1989.

146/ Contribution by the Economic Commission for Africa (ECA) to "The Substantial New Programme of Action for the 1980s for the LDCs: A Review of the Decade in African and Policy Issues in the 1990s" (A/CONF/147/PC/3/Add.15), p. 33.

147/ Ibid., p. iii.

148/ Supra *World Development Report 1990*, p. 141.

149/ Statement adopted by the Participants at the Conference on an "All-European System of Human Rights Protection", held at Poznan (8-11 October 1990), in *Netherlands Quarterly for Human Rights*, vol. 8, No. 4, (1990) pp. 472-479.

150/ Ibid., p. 475.

151/ Galbraith, John Kenneth "The Rush to Capitalism" in The New York Review of Books, 25 October 1990, pp.51 and 52.

152/ Brauer, Dieter "Structural Adjustment in Europe", in Development and Cooperation, No. 1, 1991, DSE, p. 2.

153/ Ribe, Helena et al., How Adjustment Programs Can Help the Poor: The World Ban's Experience, Discussion Paper No. 71 (Stock No. 11434).

154/ Supra, Adjustment With a Human Face, p. 66.

155/ United Nations document A/CONF/147/PC/3/Add.15 (Contribution by the Economic Commission for Africa to the Second United Nations Conference on the Least Developed Countries), p. 20.

156/ UNCTAD, Trade and Development Report 1990, p. 4.

157/ "Major research findings of the system in major global economic and social trends, policies and emerging issues, Report of the Secretary-General" (E/1990/81), p. 17. This document suggests the following measures as comprising an effective strategy for poverty alleviation: (a) redistribution of land; (b) greater provision of agricultural services and rural infrastructure; (c) greater investment in human resources development; (d) removal of bias against the poor in expenditures on infrastructure; (e) social and legal reforms to enhance the full participation of women in economic and social institutions; (f) removal of unnecessary constraints on urban industry, especially small-scale enterprises; (g) ensuring that prices of credit and other inputs reflect real scarcities; (h) family planning programmes and provision of birth control facilities; and (i) greater democracy and participation of the poor in local electoral politics and through the creation of organizations that support their cause.

158/ Heller, P.S. and others, The Implications of Fund Supported Adjustment Programmes for Poverty: Experiences in Selected Countries, Occasional Paper No. 58, Washington, D.C., 1988, IMF.

159/ State of the World's Children 1990, p. 11.

160/ For instance, article 27 of the Convention on the Rights of the Child provides that (1) States parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development. See also "Plan of Action For Implementing the World Declaration on the Survival, Protection and Development of Children in the 1990s" (State of the World's Children 1991, pp. 60-74).

161/ State of the World's Children 1991, p. 68.

162/ See, inter alia, Elson, Diane, "The impact of structural adjustment on women: concepts and issues" in The IMF, the World Bank and the African Debt: The Social and Political Impact, pp. 56-74.

163/ Supra, Debt: Crisis for Development (Appendix 1: Women in Developing Countries: Invisible Victims of the Economic Crisis, pp. 55-67).

164/ Ibid., p. 55.

165/ See, for instance, UNICEF, Poor Women and the Economic Crisis: The Invisible Adjustment (1987); "Making adjustment work: A gender perspective" (Seminar presentation by Lisa A. McGowan, International Center for Research on Women, 27 October 1988); "The impact of structural adjustment on women: Concepts and Issues" (A paper by Diane Elson, Department of Economics, University of Manchester, May 1987); From Survival Strategies to Transformation Strategies: Women's Needs and Structural Adjustment (Diane Elson).

166/ Division for the Advancement of Women (CSDHA/UNOV), "Women, debt and adjustment" in 1989 World Survey on the Role of Women in Development, New York, 1989.

167/ See, for instance, "Implementation of the system-wide medium-term plan for women and development: Report of the Secretary-General" (E/1991/16).

168/ Supra, Development and Adjustment (UNDP Policy Discussion Paper), p. 35.

169/ Ghai and Hewitt de Alcantara "The Crisis of the 1980s in Africa, Latin America and the Caribbean: Economic Impact, Social Change and Political Implications", pp. ii and 14-19.

170/ Ibid., pp. ii and 17.

171/ See, for instance, ACC Task Force on Long-term Development Objectives, twentieth session, Geneva, 19-22 March 1991.

172/ Barsh, Lawrence, "Human rights, human resources and the International Development Strategy for the 1990s" (Paper prepared for the United Nations Global Consultation on the Realization of the Right to Development as a Human Right) (HR/RD/1990/Conf.11), p. 6.

173/ E/1991/23 and E/C.12/1990/8, annex IV, pp. 88-110.

174/ Committee on Economic, Social and Cultural Rights, Report on the Fourth Session (15 January-2 February 1990), E/C.12/1990/3, para. 9, General Comment No. 2, pp. 88 and 89.

175/ General Comment No. 3 (1990) "The nature of States parties' obligations (art. 2 (1))" (E/C.12/1990/CRP.5/Add.4).

176/ E/C.12/1990/CRP.4/Add.6, p. 11.

177/ A/45/849/Add.2, p. 5.

178/ "Privatization in Africa" in Development and Cooperation, No. 5, 1990, p. 7 and Economic Commission for Africa, "Review of recent experience in public enterprise reform and privatization in Africa" (E/ECA/CM.17/CRP.6), 24 January 1991.

179/ The United Kingdom spent only 36.94 per cent, whereas the United States spent the least of developed countries with only 22.75 per cent in 1989 - as a percentage, less than wide range of developing countries. Some developed States spent well over 60 per cent on social services. (Source: IMF, Government Finance Statistics Yearbook 1989 and 1990, Washington, D.C., 1990).

180/ "Interim report on the world social situation: Report of the Secretary-General" (A/46/56), para. 14.

181/ Ibid., p. 9.

182/ Hardoy, Cairncross and Satterthwaite, The Poor Die Young: Housing and Health in Third World Cities, Earthscan, 1990, p. 261.

183/ The State of the World's Children 1990, p. 65.

184/ World Bank, Sub-Saharan Africa: From Crisis to Sustainable Growth. A Long-term Perspective Study, World Bank, Washington D.C., 1989, p. xii.

185/ Supra, The Poor Die Young, pp. 10 and 11.

186/ Supra, The State of the World's Children 1990, p. 67.

187/ Supra, Tomasevski, K. "The World Bank and Human Rights", pp. 98-99.

188/ Cornia, G., "Social policy-making: Restructuring, targeting efficiency" in Adjustment With A Human Face, pp. 165-182.

189/ Supra, Poverty and the Social Dimensions of Structural Adjustment in Côte d'Ivoire, p. 25.

190/ Supra, The Poor Die Young, p. 260.

191/ Supra, 1989 Report on the World Social Situation (Chap. 9, "Changing perceptions regarding social development issues", pp. 94-102.

192/ See "Rethinking local government: views from the third world" vol. 3, No. 1, Environment and Urbanization, London, IIED, April 1991. "There is a growing interest in the role of local government in development. Not least among the reasons for this interest is the failure in most third world nations to fulfil their responsibilites in the management of urban growth (including provision of infrastructure and services and the control of pollution ... There is general agreement that in most third world nations, local government is weak, inefficient and very often unrepresentative" (p. 3).

193/ Chapelier and Tabatabia, "Development and adjustment: Stabilization, structural adjustment and UNDP policy" (UNDP Policy Discussion Paper), UNDP, New York, 1989, p. 34.

194/ "The Unsustainable Debt Burden: Indictment of the IMF and the World Bank" (by the Public Prosecutor of the Permanent People's Tribunal), September 1989 in ifda dossier, No. 79 (October/December 1990), p. 90.

195/ State of the World's Children 1990, p. 10.

196/ General Assembly resolution 45/194, "Economic stabilization programmes in developing countries" (adopted on 21 December 1990).

III. EVOLUTION OF POLICIES OF INTERNATIONAL FINANCIAL INSTITUTIONS AND THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS

207. In the preceding chapter of this report the Special Rapporteur tried to analyse the role of international financial institutions, notably the World Bank and IMF in the context of the broader question of structural adjustment. It is important to note that the policies of these institutions are currently evolving in a direction which is potentially important for the realization of economic, social and cultural rights. It is too early to come to any definite conclusion at this stage and much of the criticism of these institutions voiced in the human rights community remains relevant and should be taken seriously. On the other hand, it would be inappropriate to overlook a certain evolution in their policies which seems potentially beneficial to human rights and which should be supported. Moreover, consideration should be given to the possibility of more direct cooperation between United Nations human rights bodies and the World Bank and IMF in the future. In the following paragraphs some of the main elements to be taken into account in this context are summarized.

208. The World Bank has developed its activities from a stage at which its main concern was project-lending to the present stage at which policy-lending plays a major role and at which more complex policy problems arise. This has had a number of implications. Although broad policy issues, including those related to social policies and political stability have always been recognized as important aspects of development, the Bank has traditionally deemed such "political considerations" to be irrelevant to its operations. A strict interpretation of the provisions of its Articles of Agreement which prohibit it from taking political considerations into account in its decision-making has prevailed until now. In this connection it is necessary to recall the wording of the relevant provisions of the Bank's Articles of Agreement. Article IV, section 10, provides:

> "The Bank and its officers shall not interefere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or the members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I."

209. The principle enshrined in the quoted provision is sound and valid. However, the question of definition of "political" and "economic" considerations should not be seen as static and it seems that the approach to the interpretation of these concepts is evolving. Poverty and social considerations may not be seen as traditional "economic" matters and the issues of "governance" may be seen as predominantly political. Yet the Bank is more and more aware of the direct relevance of these issues to its activities and these are the problem areas in which human rights considerations must be taken into account, both because of their relevance and because of their objective nature. Issues of poverty and governance relevant to the two main sets of human rights (economic, social and cultural rights, and civil and political rights) and have always been in the focus of attention of the "human rights community".

210. A recent World Bank document defined the Bank's approach to the problem of poverty in the following way:

> "The 1990 World Development Report demonstrated that poverty has declined in countries that adopted a two path approach. The first part of the approach requires the encouragement of broad-based economic growth. Policies that make productive use of the poor's most abundant asset - Labour - are consistent with rapid growth and reduced poverty. The second part requires the provision of social services, especially primary education, basic health care, family planning and nutrition to improve living conditions and increase the capacity of the poor to respond to the income-earning opportunities arising from economic growth." 1/ (Emphasis added).

211. The above programme requires effectiveness of economic management (short term and long term) in generating growth that makes productive use of labour; adequate government efforts to provide basic social services to the poor and appropriate, reliable and affordable social safety nets. 2/

212. Economic growth in itself cannot solve the social problems affecting the poor. Special efforts are needed and they necessarily involve public expenditure and, in particular, fair and just distribution of expenditure between poor and non-poor.

> "Avoiding excessive urban bias (most of the poor are rural) and protecting or expanding basic services (primary education, basic health care, family planning, extension services, roads) are the first steps in increasing the effectiveness of public expenditures." 3/

213. Social services must be adequate both as a part of "productive investment" and as part of public spending. Both aspects require careful monitoring and permanent analysis of the actual effects. The same applies to social safety nets, sytems of food subsidies, etc. 4/

214. The most interesting aspect of this approach is the link between the appropriate policies designed by States and the Bank's lending. According to the World Bank the volume of lending should be linked to country effort to reduce poverty:

> "If a country's policies, programmes, and institutions are broadly consistent with the two-part strategy, the prima facie case for substantial Bank support is strong, for the evidence in the World Development Report shows that external assistance is most effective in such countries. But if a country is not committed to such policies, external assistance is unlikely to be effective, and significant flows of Bank assistance cannot be justified. Intermediate cases would warrant intermediate levels of assistance." 5/

215. It is natural that the World Bank's focus is placed on the economic side of the issue and on the effectiveness of the policies in question. The human rights dimension, which is implicity present in such approach, could certainly be developed further. In this connection, the Special Rapporteur wishes to

recall the contents of paragraphs 124 to 147 of this report in which a brief presentation of the impact of adjustment on the realization and enjoyment of selected economic, social and cultural rights is provided. Remedying the adverse effects of adjustment referred to in that context should be among the objectives of policies based on the "two-part strategy" pursued by the Bank.

216. Another aspect of the realization of the "two-part strategy" of the Bank relates to the role of the Bank in designing economic adjustment programmes. This task involves a number of United Nations agencies and IMF and the World Bank. The need to improve coordination and to put greater emphasis on the social aspects of adjustment programmes is increasing. At a seminar organized in October 1990, by IMF, the Bank and 12 United Nations agencies, the need for enhanced cooperation and for increasing emphasis on the social aspects of adjustment was generally recognized. 6/ "Social concerns must be addressed at the design stage of economic adjustment programmes and not tacked at the end as some sort of "social sweetner". 7/

217. The question of how the international agencies should approach this task is particularly important and the following idea provides a point of departure in the search for such an approach:

> "While Governments' overall development plans and policies will continue to provide the basic framework for orienting the activities of the organizations and agencies of the United Nations system policy framework papers (PFPs) and similar documents could contribute an appropriate framework for policy and project formulation and execution, especially as PFPs begin to pay more attention to structural, sectoral and social issues." 8/

218. The real situation in many countries which have undertaken adjustment programmes is that the Policy Framework Papers, jointly prepared by IMF and the World Bank, have become the only comprehensive documents that reflect the declarations of both short-term and longer-term government policy. 9/ Therefore, the preparation of PFPs could become a major area on which the action on economic, social and cultural rights should concentrate. The following conclusion reached at the aforementioned seminar is relevant in this connection:

> "... The agencies' contribution would be most effective at the earliest stages of discussion between IMF and national authorities. At this stage, a bilateral and informal exchange of views between their staffs should be encouraged. In particular, the agencies could provide relevant data, analyses, and other information on sectors within their area of competence; identify vulnerable groups and the impact of previous adjustment programmes or policies; and suggest matters for consideration in the next round of discussion with the authorities." 10/ (Emphasis added).

219. In addition to the emphasis placed upon the social aspects of adjustment programmes there are also other elements of the policy pursued by IMF which are potentially significant for the realization of economic, social and cultural rights. One of them relates to the fiscal policies of States which

pursue stabilization and adjustment programmes, an area which has been traditionally among the more sensitive aspects of IMF activity. Fiscal policies are an important element of State sovereignty and the level of involvement of international financial institutions in these matters remains a subject of discussion. The traditional doctrine of IMF has been that its concerns expressed in the "performance criteria" by which the realization of IMF sponsored programmes was measured should be confined to "macroeconomic variables" and that the Fund should not become "... involved in the detailed decisions by which general policies are put into operation ...". 11/ Therefore specific prices of commodities or services, "... specific taxes or other detailed measures to increase revenues or reduce expenditures would not be considered macroeconomic variables". 12/ This approach is also reflected in the 1979 guidelines on conditionality (adopted by the decision of the Executive Board of the Fund on 2 March 1979) which state that "Performance criteria will normally be confined to (i) macroeconomic variables and (ii) those necessary to implement specific provisions of the Articles of Agreement or policies adopted under them. Performance criteria may relate to other variables only in exceptional cases ...". The IMF Executive Board reiterated in 1990 that "questions of income distribution should not be part of Fund conditionality". 13/

220. The question of the use of fiscal policies in the context of the implementation of stabilization and adjustment programmes is of direct relevant to the realization of economic, social and cultural rights. Although social aspects of adjustment and stabilization programmes are clearly recognized as important and their fiscal component inevitably relevant, "... political difficulties, guidelines on conditionality, and timing concerns have prevented them being taken formally into account in Fund programmes". 14/ From the standpoint of the realization of economic, social and cultural rights, however, it seems necessary that further steps, leading to formal inclusion of issues of fiscal policies into Fund programmes, be taken. These steps should take into account both changes in various taxes and tax rates and changes in specific public expenditures, subsidies and public utility rates. Such an approach would represent a step away from the traditional doctrine of reliance on macroeconomic measures. However, this seems to be necessary if the objectivies of reduction of poverty and social justice, objectives accepted both by the World Bank and IMF, are to be achieved.

221. The Special Rapporteur does not underestimate the technical and political difficulties of the approach based on the link between IMF stabilization and adjustment programmes and changes in fiscal policies (both on the taxation side and on the side of public expenditure). Therefore a gradual, step-by-step implementation of such an approach seems to be necessary. It must also be borne in mind that fiscal policies represent only one aspect within a broader policy framework which is not yet fully developed.

222. Current thinking within IMF seems to be leading towards the establishment of a global agenda for poverty reduction in the 1990s, an agenda consisting of three major items: (a) developing country policies, (b) stimulating favourable external economic conditions and (c) development of appropriate policies of development financing. 15/

223. In the context of the realization of economic, social and cultural rights country policies represent the most interesting part of this agenda. According to the current thinking at IMF these policies should include the following main elements:

(a) Fostering of efficient and sustainable economic growth;

(b) Sound macroeconomic policies geared to preventing excessive external and domestic imbalances;

(c) Structural policies which harness market forces, social and political institutions, infrastructure and technology to the effort to reduce poverty, through increased income-earning opportunities for the poor;

(d) Investment in human capital, in particular improvement of access for the poor to basic health care, education and other social services (this represents an important aspect of the realization of economic, social and cultural rights and - in the economists' terminology - enables the poor to take advantage of the income-earning opportunities that arise as a consequence of growth);

(e) Safety nets for the poor;

(f) Improvement of participation of the poor in development, enhancement of the role of non-governmental organizations and institutional development. 15/

224. Among the elements summarized above, special attention must be paid to the question of targeted public expenditure for the poor and to social safety nets. Although general economic policies are expected to be designed in a way which would reduce the need for such measures, it must be kept in mind that when macroeconomic adjustments are severe, and sizeable real income losses are threatened for certain poor groups, additional action is required. In such cases targeted subsidies and other social expenditures may be needed to shelter the poor, and additional social safety nets may have to be introduced. 15/

225. Subsidies for basic commodities should be targeted rather than general, since general subsidies on normal goods tend to result in large transfers to tbe non-poor and in an excessive level of overall subsidies. Targeting of subsidies is a complex operation which requires utilization of appropriate targeting techniques. One of the approaches is targeting certain indicators of need, such as disability, pregnancy or infancy. Targeting specific socioeconomic groups is especially well suited to ensuring adequate nutrition. The protection of these groups is also enhanced by emphasis on primary health care and hygiene education. An example in this respect is subsidizing the provision of milk to pregnant and nursing women and to children in primary health clinics. 15/

226. Social safety nets vary in form and content. In the formal sector, contributory pension and unemployment schemes may be feasible. While the provision for normal retirement and short-term unemployment may be financeable on the basis of contributions, without recourse to budgetary finance, in an economy undergoing major structural changes leading to widespread unemployment it may be necessary to set up special income-maintenance schemes for affected workers (coupled with retraining programmes) financed through the budget. In the self-employed and informal sectors, a non-contributory safety net at the subsistence level for the elderly may be feasible. In some countries, strengthening of community- and local-level redistributive mechanisms may be cost-effective in ensuring a social safety net for vulnerable groups without family support. 15/

227. The above illustrations of the evolution of IMF policies relating to poverty reduction and other social aspects of stabilization and adjustment programmes leads to the question of whether these elements make up a comprehensive and efficient policy framework. The actual value of any policy can be tested only against the effects it actually produces. Therefore, practical implementation will show how effective these policies are. However, it would be inappropriate to overlook the fact that the World Bank and IMF have gained important experience in the field of the social dimensions of Bank/Fund sponsored programmes. In a recent address to the International Labour Conference, Michel Camdessus, the Managing Director of IMF, identified the following five key principles of a growth oriented adjustment strategy (these principles relate to the essential social requirements):

1. A medium-term perspective to contribute to lasting growth whilst avoiding excessive fluctuations in activity and employment which are especially harmful to the most vulnerable. Instead of pursuing an immediate and often illusory improvement in income, a medium-term policy should be pursued to achieve realistic increases in real income through rising productivity.

2. Instead of postponing the adoption of inevitable policies and corrective measures the IMF programmes seek to combine them into a credible whole.

3. These programmes are designed to fight inflation, "... a subterfuge through which societies blindly distribute the burden of adjustment among the social partners".

4. Reduction of budget deficits. It is important that this principle is carried out with due regard to needs in the field of health and education and other related social areas which are, according to Mr. Camdessus "... manifestly more productive in the strictly economic sense, not to mention their important human values, than those that finance prestige projects or overblown military activities. It is therefore quite natural that the Fund would ask national officials ... to justify these choices ...". Among the tasks in this field of reduction of budget deficits it is sometimes necessary to reduce subsidies and to introduce targeted subsidies in favour of vulnerable groups.

5. Structural policies become a necessary element of these programmes. An important aspect of structural reforms relates to "improvement of the administration of essential public services ...". 16/

228. The global policy framework outlined above again shows the complementarity between the evolving policies of IMF and the need for more efficient action for the realization of economic, social and cultural rights. The link is particularly clear in such areas as reduction of budget deficits and restructuring of public spending in favour of health, education, food security, etc., and in regard to structural policies intended to improve the administration of social services. The question here is whether the human rights bodies can make a meaningful contribution, in particular in the design and evaluation of specific programmes and policies. The hypothetical answer is yes, and in the preliminary recommendations the Special Rapporteur makes some suggestions in that regard.

Notes

1/ "Assistance strategies to reduce poverty" Memorandum by the President of the World Bank to the Executive Directors. Washington D.C., pp. 1-3.

2/ Ibid.

3/ Ibid., p.6

4/ "Assistance strategies to reduce poverty", see note 1/.

5/ Ibid.

6/ IMF and UN agencies seek to enhance cooperation among institutions", IMF Survey, 12 November 1990, p. 341.

7/ Ibid., the opening address by the Managing Director of IMF.

8/ Ibid.

9/ Ibid.

10/ Ibid.

11/ Joseph Gold, "Conditionality", IMF Pamphlet Series, No. 31, IMF, Washington D.C., 1979.

12/ Ibid.

13/ Ibid. See also the 1990 IMF Annual Report, p. 41.

14/ Tanzi Vito, "Fiscal policy, growth, and the design of stabilization programmes" in Fiscal Policy, Stabilization and Growth in Developing Countries, Mario L. Bleyer and Ke-young Chu ed., IMF 1989, p.25.

15/ These elements are found in a number of recent working documents which were prepared within IMF. During his visit to the headquarters of IMF, the Special Rapporteur had the opportunity to consult some of these documents and to discuss the issues dealt with here with a number of IMF officials.

16/ Address by Mr. Michel Camdessus, Managing Director of the International Monetary Fund to the seventy-eighth session of the International Labour Conference, Geneva, 10 June 1991.

IV. PRELIMINARY RECOMMENDATIONS

229. In the context of the preparation of the final report on the realization of economic, social and cultural rights, the Special Rapporteur should be requested to hold further consultations with the specialized agencies of the United Nations and with international financial institutions. The purpose of these consultations will be the preparation of a consolidated set of conclusions and recommendations to be included in the final report. These conclusions and recommendations should serve as a broad and agreed basis for activities following the completion of the final report.

230. The Sub-Commission should consider, at its forty-third session, the possibilities for continuing its own activities related to structural adjustment issues and the effects of structural adjustment on the realization of economic, social and cultural rights. The contents of paragraphs 124 to 147 of the present report should serve as a basis for this exercise. One of the possible options in that regard would be to agree on the need for drafting basic policy guidelines on structural adjustment and economic, social and cultural rights. At its forty-third session the Sub-Commission should consider this idea in general (on the basis of the present report), while the methodology should be established and the actual drafting of such guidelines undertaken later. These guidelines, if agreed upon, could serve a dual purpose: (a) they would specify priority concerns in the field of human rights (i.e. economic, social and cultural rights) and thus serve as a basis for a productive dialogue with the relevant agencies and institutions in the economic and financial fields and (b) they might help in designing policies pursued by international financial institutions, notably the International Monetary Fund and the World Bank. In addition to standard setting that might be necessary in some areas related to the economic, social and cultural rights, such policy guidelines could be developed into a new type of international instrument in the field of human rights, an instrument specifically adjusted to needs in the field of the realization of economic, social and cultural rights.

231. The activities related to the preparation and drafting of policy guidelines referred to in the preceding paragraph should be carefully coordinated with activities in the field of indicators designed to measure progress in the realization of economic, social and cultural rights, a subject discussed in some detail in the first progress report and in chapter I of the present progress report. It must be emphasized that the policy guidelines referred to in the preceding paragraph can be developed to an appropriate level of precision only if they are based upon the necessary amount of quantification provided by the use of carefully selected indicators. The activities on indicators and those on guidelines should therefore go hand in hand and should be carefully guided by the Sub-Commission.

232. Priority areas in which the activities referred to in the preceding paragraphs should take place are those which have already been identified as priority social concerns in the context of adjustment, namely, basic health care, primary education and food security. Ideally, the policy guidelines should be drafted in a way which would be of immediate usefulness to policy making within economic agencies and IMF and the World Bank. For the time being, there is no need for the creation of an institutional framework for

cooperation between the human rights bodies and these institutions. The necessary contacts can take place at the level of interagency cooperation and through the Special Rapporteur on the realization of economic, social and cultural rights. At later stages, however, it would be desirable to develop permament cooperation, which should begin with regular participation by the representatives of international economic agencies and financial institutions at meetings of the human rights bodies.

234. The Sub-Commission might wish to start considering the question of which aspects of the realization of economic, social and cultural rights could require the appointment of a special rapporteur/special rapporteurs in the future. The role of international financial institutions in the realization of economic, social and cultural rights could be one such subject. In addition to participation in the process of policy design (paras. 230-232 above), a special rapporteur on a subject such as one suggested here could concentrate on various problems which arise in the implementation of policies. Some of these problems might be defined as violations of human rights and they should be considered particularly seriously. Such a special rapporteur/special rapporteurs could be appointed irrespective of the pace at which the realization of other recommendations listed here progress.

235. The present report and these recommendations are drafted in full awareness of the activities pursued by the Committee on Economic, Social and Cultural Rights. They are complementary to the efforts of that Committee and in no way overlap with the Committee's work and evolving practices. While the Committee - as a treaty body - focuses on the implementation of the Covenant on Economic, Social and Cultural Rights, the present report tries to address some broader policy issues that need to be addressed and the consideration of which might help the Committee in its work.

236. The present recommendations are preliminary in nature and should be considered as such. The members of the Sub-Commission are invited to make their own suggestions concerning the recommendations to be elaborated for inclusion in the final report.
